



Daily Report

Central Eurasia

FBIS-SOV-95-160
Friday
18 August 1995

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report

Central Eurasia

FBIS-SOV-95-160

CONTENTS

18 August 1995

NOTICE: An * indicates material not previously disseminated in electronic form.

CHECHEN AFFAIRS

Negotiations in Grozny

Chechen Delegation Breaks Off Peace Talks [INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY]	1
Official Claims Situation in Achkhoy-Martan Easing [ITAR-TASS]	1
Observer Commission Meets Behind Closed Doors [ITAR-TASS]	1
Chechnya Ready for Talks Based Solely on Accord [ITAR-TASS]	1
Formations Hand Over Arms in Shali, Gudermes [INTERFAX]	2
Yarikhanov: Achkhoy-Martan Will Not Disarm by Force [INTERFAX]	2
Daily Analyzes Chechen Disarmament Problems [KRASNAYA ZVEZDA 17 Aug]	3
Satarov: Chechnya is 'Disease' Medicine Cannot Cure [Moscow RTV]	4
Yeltsin Aide Krasnov Interviewed on Chechen Talks [Moscow MTK]	4

Military Operations

Ministry Confirms Russian Air Strike on Chechens [INTERFAX]	6
Attacks on Interior Troops Continue [ITAR-TASS]	7

Politics and Nationalism

'Influential' Muslim Organization Urges Peace [ITAR-TASS]	7
Romanov, Maskhadov Seen Working for Chechen Peace [IZVESTIYA 18 Aug]	7
Dudayev Seen Pulling Strings in Chechen Affairs [KOMMERSANT-DAILY 17 Aug]	9
Chechnya Edict's Constitutionality Suspect [MOSCOW NEWS 14-20 Jul]	10

INTERREGIONAL AFFAIRS

Official Outlines Functions of Interstate Council [PRAVDA 10 Aug]	13
ITAR-TASS Carries Press Review for 18 Aug	14

RUSSIA INTERNATIONAL AFFAIRS

Team To Discuss 'Peaceful' Nuclear Use With Iran [INTERFAX]	16
Power Plant Construction in November [ITAR-TASS]	16
Daily Reports Clinton Decision To Halt Nuclear Tests [KRASNAYA ZVEZDA 18 Aug]	17
Demurin on 'So-Called' U.S. Plan for FRY Settlement [Moscow Radio]	17
Spokesman on 'Grave Consequences' of Croat Shelling [INTERFAX]	18
Warning of Possible Croatian Offensive Near Dubrovnik [INTERFAX]	18
Ministry Against Barring Serb Refugees From Kosovo [INTERFAX]	18
Concern Expressed About Peacekeepers' Safety in FRY [ITAR-TASS]	19
EU's Bildt Visits 'Blue Helmets' [ITAR-TASS]	19
U.S. Seen 'Directly Involved' in Krajina 'Tragedy' [SOVETSKAYA ROSSIYA 17 Aug]	20
Release of IL-76 Crew Seized by Taleban Demanded [ITAR-TASS]	20
No Complaints About Conditions of Crew [INTERFAX]	21

RUSSIA NATIONAL AFFAIRS

Political Issues

Cuny's Relatives Hold News Conference in Moscow [Moscow RTV]	22
Relatives Respond to FSB Report [Moscow NTV]	22
Yeltsin, Gaydar Meet To Discuss Elections [ITAR-TASS]	22
Yeltsin Signs Edict on State Officials' Pensions [ITAR-TASS]	22
Yeltsin Returns Continental Shelf Law to Duma [ITAR-TASS]	24
Recent 'Forward, Russia!' Conference Detailed [KURANTY 16 Aug]	24
Opposition Bloc Names Top 2 in Election List [INTERFAX]	24
All-Russian Officers' Assembly Holds News Conference [Moscow RTV]	25
'Radical' Communists Form Bloc Left of CPRF [SEGODNYA 17 Aug]	25
KGB Bodies Said To Play Role in Elections [OBSSHCHAYA GAZETA 17-23 Aug]	26
Parties Representing National Patriots Detailed [ITAR-TASS]	27
Postsocialist Development, Elections Viewed [ROSSIYSKAYA GAZETA 12 Aug]	27
Political, Transportation Officials Interviewed [INTERFAX]	31

Federal Assembly

Government Approves Commercial Secrets Bill [INTERFAX]	35
Legislative, Regulatory Documents 30 Jul-5 Aug [FBIS Media Note]	35

Regional Affairs

Sobolev Appointed Kurgan Administration Head [ROSSIYSKAYA GAZETA 17 Aug]	36
Dagestan Parliament Issues Statement on Terrorism [INTERFAX]	36
Ingush-Ossetian Talks Deadlocked Over Refugees [ROSSIYSKIYE VESTI 17 Aug]	37
Soskovets Attends Cooperation Meeting in N. Ossetia [ITAR-TASS]	37
Omsk 'Siberian Accord' Leader Meets Yeltsin [SEGODNYA 17 Aug]	37
Novosibirsk Oblast Tax Police Head Interviewed [VERCHERNIY NOVOSIBIRSK 7 Aug]	38
Vladimir Oblast Agrees to Gubernatorial Election [ROSSIYSKAYA GAZETA 17 Aug]	40
Kamchatka Official Calls For Restoring Soviets [SEGODNYA 17 Aug]	40

Economic Issues

Yeltsin Signs Law on Natural Monopolies [ITAR-TASS]	40
Government Revising '96 Budget Expenditure Targets [SEGODNYA 16 Aug]	40
Budget Estimates Approved by Yeltsin [INTERFAX]	41
Budget Deficit Financing Less Inflationary [ROSSIYSKAYA GAZETA 16 Aug]	41
Foreign Trade Surplus Posts 28 Percent Rise [IZVESTIYA 17 Aug]	41
MVES Seeks Control of Overseas Property [KOMMERSANT-DAILY 17 Aug]	42
Tax Police Report Half-Year Successes [IZVESTIYA 17 Aug]	43
Government To Receive Draft Tax Code 17 Aug [FINANSOVYYE IZVESTIYA 10 Aug]	43
Metallurgy Committee Fears Losing to Privatization [KOMMERSANT-DAILY 17 Aug]	44
Diamond Sector Forms Union To Protect Rights [KOMMERSANT-DAILY 17 Aug]	45
Major Oil Companies Finally Define Their Structure [KOMMERSANT-DAILY 17 Aug]	45
Zaveryukha Expects R18-20 Trillion in AIC Aid [SEGODNYA 17 Aug]	46
Russia Said Able To Cover Own Domestic Grain Needs [KOMSOMOLSKAYA PRAVDA 18 Aug]	47

UKRAINE

International Affairs

'General Understanding' Reached on Black Sea Fleet [INTERFAX]	48
Foreign Ministry Endorses Accord [UNIAN]	48

National Affairs

Media Chief Briefs Press on TV, Radio Operation [UNJAR]	48
'No Return' for Russian Station [UKRINFORM]	49
Kiev Takes Steps To Return Ethnic Minorities [INTERFAX]	49

Economic Issues

Deputy Prime Minister Reports on 'Lost' Harvest [UNJAR]	49
PRC Ambassador Notes 1994 Trade Turnover [Ukraine International]	49
Joint Venture To Exploit Crimean Gas Deposits [INFOBANK]	50
Privatization Progress in Jan-Jun Detailed [INFOBANK]	50
Officials Discuss Reform, 'Destabilization' [Kiev TV]	50
Vice Premier Pynzenyk Sees Economic Improvement [URYADOVYY KURYER 15 Aug]	51

WESTERN REGION

Belarus

Lukashenka Lifts Ban on Special Investment Funds [INTERFAX]	55
Official 'Outraged' by Transport Workers' Strike [BELAPAN]	55

Moldova

Russian Troops Destroy Ammunition in Dniester [ITAR-TASS]	56
Dniester Commander on Munitions, Equipment Disposal [TRUD 16 Aug]	56
Gagauz Signs Economic Agreement With Moscow [ITAR-TASS]	57

CENTRAL ASIA

Kazakhstan

Joint Uranium Mining Venture Planned With Canada [INTERFAX]	58
State Committee Analyzes Financial Deficit [EKSPRESS-K 11 Aug]	58
1995 Budget Expenses Exceed Receipts [EKSPRESS-K 11 Aug]	59

Kyrgyzstan

Turkish Prime Minister Concludes Official Visit [ITAR-TASS]	60
Prime Minister Hails Results [INTERFAX]	60

Tajikistan

Opposition Leader Signs Protocol in Kabul [Kabul Radio]	61
Russians, Rebels Agree To Remove Firing Positions [Moscow Radio]	61

CAUCASUS

Armenia

Clash on Northeastern Border Reported [NOYAN TAPAN]	62
Dissident Hovhannesyan 'Exiled' From Russia [NOYAN TAPAN]	62
Bagratyan on Gas Transfer Problem With Georgia [ARAGIL ELECTRONIC NEWS BULLETIN]	62
Bagratyan: No Protective Tariffs To Be Imposed [SNARK]	62

Azerbaijan

Reportage, Commentary on Failed Coup Attempt	62
Latest Coup Attempt Described [TURAN]	62
Mutalibov Denies Staging Coup [INTERFAX]	63
Minister Calls Attempt 'Futile' [INTERFAX]	64
Aliyev Addresses Constitutional Committee Members [Baku Radio]	64
Supreme Soviet Head on Importance of Israeli Ties [Baku Radio]	70
Guluzade on Russian Relations, Nagorno-Karabakh [TURAN]	70
Democratic Congress Statement on New Election Law [TURAN]	70

Georgia

German MP Meets Speaker, Premier, Deputy Premiers [Tbilisi Radio]	71
Constitutional Provision on Impeachment Approved [INTERFAX]	71

BALTIC STATES

Estonia

Finance Minister Predicts Tight Budget for 1996 [BNS]	73
---	----

Latvia

Parliament Agrees To Send Peacekeepers to Croatia [Riga Radio]	73
Foreign Minister Birkavs Departs for Estonia [Riga Radio]	73

Lithuania

New Peacekeeping Platoon To Arrive in Croatia [BNS]	73
IMF Representative Views Inflation Situation [Vilnius Radio]	73
'Cooperative Nugget-95' Exercise Assessed [ELTA]	74
Prime Minister on Increasing Pensions, Wages [BNS]	74
Government To Establish Export-Import Bank [BNS]	75

Negotiations in Grozny

Chechen Delegation Breaks Off Peace Talks

LD1808095195 Moscow *INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY* in Russian
0800 GMT 18 Aug 95

[FBIS Translated Text] The Chechen delegation is breaking off all official contacts with the Russian side and does not intend to resume negotiations on a peaceful settlement of the conflict, said Movladi Udugov, minister of information of the Dzhokhar Dudayev government, speaking to a correspondent of the "Ekho Moskvyy" radio station.

The Chechen delegation held a special conference this morning in which Chief of Staff Aslan Maskhadov and Khodzakhmed Yarikhanov, head of the Chechen delegation at the negotiations, took part. It was decided at the meeting to demand categorically that the federal troops cease their combat activities in the Chechen Republic, in particular in the area of Achkhoy-Martan and Shelkovskaya.

A member of the OCSE mission in Grozny confirmed the report that contacts between the delegations have been broken off.

An official announcement by Aslan Maskhadov, chief of the General Staff of the Chechnya Armed Forces, is expected soon.

According to "Ekho Moskvyy" radio station, the work of the special observation commission to fulfill the agreements on the package of military issues may also be broken off.

Official Claims Situation in Achkhoy-Martan Easing

LD1808111595 Moscow *ITAR-TASS* in English
1037 GMT 18 Aug 95

[Sharip Asuyev]

[FBIS Transcribed Text] GROZNY, August 18 (ITAR-TASS) — Kazbek Makhachev, a member of the special observer commission in Grozny told ITAR-TASS he and Russian General Pavel Maslov had visited Achkhoy-Martan on Thursday to try and ease the tension around the village of Achkhoy-Martan, the administrative centre of the Chechen district of the same name located 40 kilometres west of Grozny.

Makhachev said the village is no longer blocked and the local inhabitants are free to travel in and out of the village. All shelling stopped, and the Russian military promised to release field commander Vakha Mirzoyev and two of his soldiers who had been seized in Achkhoy-Martan.

Along with this, Makhachev said he was not firmly convinced that the use of force in Achkhoy-Martan was fully a thing of the past.

Observer Commission Meets Behind Closed Doors

LD1808110995 Moscow *ITAR-TASS* in English
1008 GMT 18 Aug 95

[By Sharip Asuyev]

[FBIS Transcribed Text] MOSCOW, August 18 (ITAR-TASS) — Russian and Chechen military leaders Anatoliy Romanov and Aslan Maskhadov have been meeting with OSCE [Organization for Security and Co-operation in Europe] officials behind closed doors at Grozny's military headquarters to discuss the abrupt aggravation of the situation in Chechnya's southern and southwestern regions.

Originally, the commander and members of the observer commission were scheduled to discuss prisoner exchange but the agenda was changed as fighting flared up in the foothills around Achkhoy-Martan and Roshni-Chu.

A well-informed source told ITAR-TASS the observers condemned the action that had led to the eruption of fighting, shelling and bombing in Chechnya.

According to the same source, the Russian general promised the Chechen delegation to look into the circumstances of the blocking of Achkhoy-Martan and the bombing of Roshni-Chu by federal troops and inform the commission officially about his findings before the day was out.

All members of the observer commission are expected to travel to the afflicted regions on Friday afternoon to try and ease tension there.

Unconfirmed reports say Chechen delegation leader Khodzakhmed Yarikhanov demanded that the Russian troops lift the blockade and stop shelling and bombing of Chechen villages threatening that otherwise the Chechen delegation would walk out of the talks.

Chechnya Ready for Talks Based Solely on Accord

LD1708165795 Moscow *ITAR-TASS* in English
1639 GMT 17 Aug 95

[By Sharip Asuyev]

[FBIS Transcribed Text] GROZNY, August 17 (ITAR-TASS) — Chechnya's chief negotiator at Russian-Chechen talks said on Thursday that the Chechen delegation was ready to resume talks with Russia basing solely on a military accord signed on July 30, which

had priority over other documents issued by Chechen officials since that time.

"The Chechen side intends to work at the forthcoming political negotiations with the Russian governmental delegation being guided solely by the provisions of the Accord on Military issues which was agreed upon and signed by the two sides on July 30," Hodj Ahmed Yarikhanov told TASS.

He also said that the accord had legal priority over both a recent Chechen Defence Council decision to modify the wording of the accord and the Dudayev order signed on August 2. "We will observe it (the Accord). This is the opinion shared by all members of my delegation," Yarikhanov said.

He expressed readiness to immediately resume talks noting that for the Chechen side, the Military Accord was "the basis for continuing the peace dialogue."

When introducing changes in the wording of the Grozny accord, the State Defence Council was preparing the document "for in-house use", the Chechen negotiator explained. The Council aimed to clarify the situation to poorly informed rural residents and field commanders and to "calm down emotions". Yarikhanov said that the Council decision should in no way be interpreted as an attempted revision of the Accord.

The negotiator admitted that Council members agreed with not all the provisions of the Accord. However, he noted that "such attitude to specific provisions of the document in no way means that one may halt or intervene into processes of implementing the decisions on the mechanism of disarmament and other issues, which were provided for by the Accord."

What concerns Dzhokhar Dudayev's personal decree, "it does not run counter to the Accord of July 30 and can not hinder its implementation," the negotiator said.

He expressed confidence that all dissensions which arose between the participants in the talks would be removed and the peace dialogue on Chechnya would shortly resume.

Formations Hand Over Arms in Shali, Gudermes

*LD1708142195 Moscow INTERFAX in English
1231 GMT 17 Aug 95*

[FBIS Transcribed Text] GROZNY, Aug 17 (INTERFAX) — On Thursday morning in the Shali region, Chechnya's south-east, members of Dudayev formations handed over more than 100 units of firearms, primarily sub-machine guns, to representatives of the Russian side and members of a Special Supervision Commission (SSC). Lieutenant-General Anatoliy Romanov,

commander of the group of federation forces in Chechnya, reported this to journalists.

In his words, the same process is going on in the Gudermes region at this time.

Romanov pointed out that the process of disarmament in Chechnya's eastern regions is organized better.

At the same time there appeared definite difficulties and problems in the republic's west, he said. In particular, "there appeared a need of interference on the part of the SSC in the disarmament process in Achkhoy-Martan where yesterday and today certain problems have appeared."

For his part, at the meeting with journalists head of the Chechen delegation Aslan Maskhadov, chief of the main headquarters of Dudayev's forces, expressed the opinion that "the work in Zandak opened the eyes of those Russian politicians and functionaries who wanted to trust the rumors on the infeasibility of the reached agreement on military issues on the basis of reports by separate persons."

Maskhadov expressed the conviction that "everything can be done without the use of force, all of us have understood that the war is unprofitable for both sides." He again confirmed his readiness to entirely fulfill the achieved agreement on the military package of issues and said that, as before, those who did not believe in the agreements will find they are wrong.

Maskhadov said that if the disarmament process goes wrong there is no need to send in large military units.

Speaking about the situation in Chechnya's west he underlined: "I guarantee the fulfillment of the achieved agreements and I am ready to go to any part of the republic, to any den, in order to bring about order there."

Yarikhanov: Achkhoy-Martan Will Not Disarm by Force

*LD1708201795 Moscow INTERFAX in English
1835 GMT 17 Aug 95*

[FBIS Transcribed Text] GROZNY, Aug 17 (INTERFAX - Ukraine) — The chief Chechen delegate at the talks in Grozny doubts whether the population of Achkhoy-Martan will lay down arms after severe harassment by federal troops.

Khozh-Akhmed Yarikhanov said in an interview on Thursday that after the two weeks the federal forces had blocked the village and attacked its homes with mortars, the population would lay down arms only after Russia had fulfilled its pledges under the military package of agreements. More specifically, when its troops had left Chechnya.

Yarikhanov said he relied on the opinion of other Chechen delegates who visited that community on Thursday.

"If somebody thinks that he will make people there lay down arms by force, he is wrong. There have already been eight months of attempts at disarming us in such fashion", he said.

Yarikhanov told INTERFAX that the Chechen delegation on Thursday lodged a protest with their Russian counterparts over the mortar attack against Achkhoy-Martan, in western Chechnya, and air strikes against an area lying between Roshni-Chu and Gekhi-Chu, in the south.

Daily Analyses Chechen Disarmament Problems

MM17081: 1795 Moscow KRASNAYA ZVEZDA
in Russian 17 Aug 95 p 1

[Article by Vladimir Gavrilenko and Anatoliy Stasovskiy: "Chechnya: So the Ways of Disarmament Are Inscrutable?"]

[FBIS Translated Text] The remarkable properties of connecting vessels are familiar to everyone from his first physics lessons. They come to mind when you start thinking about the fulfillment of the package of military agreements reached at the talks in Grozny. It is well known that a start was made in Nozhay-Yurt 16 August on the long-awaited process of disarmament of the illegal Dudayev formations. The question that arises, like it or not, is: Who is going to disarm? This question arises because in recent times several starting points on the disarmament problem have come to light.

There are two main ones: The Russian one, which is based on the Russian Federation Law on Defense and envisages the disarmament of all formations and personal gun owners irrespective of political affiliation or "hue"; and Dudayev's, which is based on the unrecognized Republic of Ichkeria's own defense law. Things are extremely clear as regards the Russian version. Under the version of Dudayev and his supporters, however, disarmament applies only to some unidentified ephemeral criminals and bandit groups remaining outside the "regular" Chechen units and subunits.

And this, in our view, is where the properties of connecting vessels could come into play, depending on the need and the situation. The regulars would flow into the irregulars, and vice versa. The result is always the same: Only the minimum number of gunmen are disarmed, and the greater part of the weaponry remains to hand, only concealed for the time being. According to available information, that means — no more and no less — over 80,000 firearms alone! But

even that figure is purely hypothetical. Nobody, not even the Chechen field commanders themselves, knows how many weapons are kept in various kinds of caches and hiding places. And nobody knows the personnel list of even a single Dudayev formation. It must also be noted that the process of arming is much more rapid and simpler than that of disarming. And therefore Dudayev's statements on "many years of war in the Caucasus" appear by no means mere bombast.

Here too there is a special role for whoever has control of the main "valve" between the connecting vessels. Who is that person, or group of people? Is there such a person at all? These questions are far from rhetorical. In principle, several people are in our field of vision here. Dudayev, for instance, or Maskhadov. Today, however, we believe that the main role is held by the chief of staff of the Chechen armed formations Aslan Maskhadov. Having won prestige among the field commanders in the course of combat operations, unlike Dudayev, who is permanently in hiding, Maskhadov is today a prominent figure. And even if he is not playing his own game with a view to the "Dudayev era" giving way to the "Maskhadov era," much depends on the main Chechen military leader when it comes to the disarmament process. The word and personal example of Aslan Maskhadov is, you could say, half-way to success. Only there is clearly no point in overestimating his openness and willingness to move toward the Russian side. The basic principle of Maskhadov's conduct is apparently extreme caution and maneuvering between the interests of different — at times diametrically opposed — sides. That is why he can on the same day embrace Lieutenant General Anatoliy Romanov, commander of the federal forces in Chechnya, with an informal smile, and then refuse to sign the disarmament plan....

Another goodwill move by the Russian political and military leadership is apparently designed to dispel the Chechen side's cautiousness and distrustfulness. According to information in the editorial office's possession, the withdrawal of federal forces from settlements to specially designated and prepared stations began in Chechnya 15 August. Maybe that step will advance the Grozny agreement in practice and break the deadlock in the talks process. It is also proposed to remove certain Russian Federation MVD [Ministry of Internal Affairs] blockhouses and leave only those that both sides consider necessary.

For the moment, however, progress toward lasting peace in Chechnya, despite some glimmers of hope, is at freezing point. During the night of 15-16 August, Lieutenant Colonel Vasily Panchenkov, our stringer in Chechnya, reports, the Russian Federation MVD internal forces grouping was fired on 18 times. The shooting inci-

dents were recorded in the regions of the settlements of Samashki, Argun, and Gudermes. The figure includes 11 instances of firing on commandant's stations, checkpoints, and commandant's offices in Grozny's Staromyslovskiy, Zavodskoy, and Leninskiy Rayons. No one was killed, but eight internal troops servicemen received injuries of various degrees of gravity.

Satarov: Chechnya is 'Disease' Medicine Cannot Cure

LD1708180095 Moscow Russian Television Network in Russian 1600 GMT 17 Aug 95

[From the "Vesti" newscast]

[FBIS Translated Text] Georgiy Satarov, presidential aide for internal political affairs, who visited our TV and radio company today, is talking about the media problems and coverage of complicated issues of life. It seems personal contact with journalists is supposed to resolve unnecessary misunderstanding. As for Satarov's personal opinion of the events in Chechnya, here it is.

[Begin Satarov recording, shown addressing news conference] In my opinion, Chechnya belongs to the category of diseases that modern medicine is yet unable to cure. Can you see a light at the end of the tunnel? I cannot. The tragedy is that the situation there cannot be resolved by a choice between the two alternatives: Either war or talks. This is a serious disease. Many countries have been suffering from similar diseases for decades, many are still suffering now to a various degree. This is the disease of civilization. It has not passed Russia. Moreover, in Russia it showed itself in a more grave form since the body was very weak and not ready to resist it. [end recording]

Yeltsin Aide Krasnov Interviewed on Chechen Talks

LD1708213795

[FBIS Editorial Report] Moscow MTK Television in Russian at 1730 GMT on 15 August broadcasts a 29-minute interview with Mikhail Krasnov, the Russian president's adviser on legal matters and a member of the Russian delegation to the Chechen peace talks. He is the studio guest of the program "Boris Notkin Invites."

Notkin starts with a question about the make-up of the Russian delegation to the Chechen peace talks: "How did it come about that a process so important for the country's fate was entrusted to people not even second rate, but fifth rate?"

Krasnov replies: "I do not agree with you on this, Boris Ivanovich. First, Vyacheslav Mikhaylov [leader of the Russian delegation] already conducted negotiations with

the Chechen side back in December. It is beside the point that these negotiations were not crowned with success. Mikhaylov is a sufficiently well-known figure in his field and was even in Soviet times. He is a specialist, a doctor of history, a specialist in interethnic relations, and it was not at all by chance that at the beginning of July he was appointed minister for the affairs of nationalities and regional policy. Arkadiy Volskiy is also not there by chance: In the president's public chamber he was concerned precisely with the Chechen war, and I want to say that for some reason Dudayev immediately called Volskiy himself one of the greatest initiators of the Chechen war in several of his speeches. He said that Volskiy secretly commanded the military-industrial complex and that he unleashed the military-industrial complex on Chechnya. But this simply does not reflect the true situation. Volskiy straightaway made quite critical remarks about the events of last December.

General Anatoliy Kulikov, as you said, is understandable, he was at that time the commander of the joint group of forces. Finally Nikolay Semenov. He is indeed not very well-known to the wider public but in his time, he was, if I am not mistaken, secretary of the Grozny town party committee, he knows the Chechen Republic very well, many Chechens worked with him and, by the way, when Dudayev's assistant arrived, he turned out to be his former subordinate. Semenov now heads the territorial directorate of the federal bodies of state power."

Notkin then moves to the topic of the Russian delegation's relations with President Yeltsin. He notes that "a newspaper today" said Yeltsin was completely dissatisfied with the process of the negotiations themselves and with the position of the Russian delegation on several issues. Notkin asks Krasnov whether he received his instructions directly from the president or through a third party.

Krasnov states: "First, the president rang me personally in Grozny. Second, the delegation — even before I began to take part in the negotiations — the delegation came to Moscow twice, as far as I remember, and met both the prime minister and the president and, moreover, the first protocol on military issues — it was only a protocol — was approved by both the president and prime minister, and instructions, if that is what they are called, were received of course."

Notkin says: "No one has explained to us what the aims of the Russian delegation to the negotiations are. Maybe you could say?"

"The aims are on the whole very simple," Krasnov replies. "It is the establishment of peace in this republic

of the Russian Federation. The establishment of peace because one can talk as much as one likes about global interests, about the situation, about the state system, its all correct, correct, but when there is the possibility to avoid laying down the lives of people, all people, both our soldiers — I mean the federal troops — and citizens of the Chechen Republic, if there is the slightest possibility, then I think it would be immoral not to use it."

Notkin moves to a second question: "What price would you be prepared to pay for peace, and what price would Dudayev, or, say, Imaev, or the chief of staff of the Chechen troops who held negotiations with you, that is what are you allowed to pay, what are they prepared to pay? What concessions, how far...?"

Krasnov interrupts and says: "I would say that we did not even allow ourselves to pay, and on the whole understood that no one would allow us this, I would say that we were not permitted to pay, would not be permitted, conditionally speaking, not permitted, to waive the Constitution of the Russian Federation. That is to arrive in Grozny and say, guys, go off where you like, we will withdraw the troops, etc. This is completely ruled out. I would say the only concession on our side is that we in the final analysis did not insist on political, to put it crudely, capitulation, as we understood that the people who negotiate with us are also hostages to particular forces in their republic. Generally speaking there may be concessions in formulation, but a limit was straightaway set for us, the Russian Constitution, the integrity of the state."

Notkin interjects, asking whether the Chechen side agreed with this limit or whether they had a different limit, thereby rendering the talks pointless.

Krasnov says: "They understood us, understood that we had our limit, and could not simply betray those people who lost their lives for Russia's state interests. They understood us but at the same time even begged us not to insist on openly recognizing that they had said that Chechnya would be a constituent part of the Russian Federation. There was a compromise in this, only in this."

Notkin next asks whether there were any difficulties with the agreement on disarmament and whether no real disarmament of the Chechen side was implied.

"You have raised a very sore issue," Krasnov answers. "When you quoted that the president had expressed dissatisfaction, it was not with the progress of the negotiations, or the position of the delegation ..."

Notkin interrupts to explain that he had been quoting IZVESTIYA.

"It is not a wholly accurate publication," Krasnov continues. "The president expressed dissatisfaction with the process of disarmament, that is important. In fact we were convinced that the ancient Roman principle would apply — agreements must be kept. Although we realized that it would progress with great difficulty as already during the negotiations Dudayev expressed the idea of continuing the war, and such calls for war until victory were heard among us here in Moscow and among the Dudayev side. Members of the delegations said, we will be able to neutralize these propagandistic steps, pay no attention to this. Who else could we hold negotiations with, with whom? It is unthinkable with Dudayev himself and anyway perhaps against the law."

Notkin comments that he saw no difference between Dudayev and Prosecutor General Imaev or chief of staff Maskhadov.

"All the same the basic guilt for what happened in Chechnya lies with Dudayev, Dudayev himself. People are of course not innocent, absolutely not innocent but, all the same, people have not openly committed major crimes against Russia. In the final analysis Maskhadov is simply a military man. He carries out orders. That is not a justification but all the same it is some kind of possibility. If we applied absolute standards then there would be no one at all to hold negotiations with, no one at all. Therefore, something had to be sacrificed. So, as we think that Dudayev himself is absolutely not a legitimate figure, it is enough for us that people with sufficient influence hold negotiations with us."

Notkin asks whether Krasnov felt he could trust the Chechen negotiators personally. Krasnov replies: "Yes, I can say yes. Incidentally, if it had not been for Imaev — whom Dudayev later removed from conducting the negotiations further — then the agreement would hardly have been signed. I would also say the same for Maskhadov. I think he is an honest soldier. It is another matter that he and thousands of his fellow citizens were deceived, this idea of rapid separation from Russia and independent life outside Russia.... Nevertheless, I have said more than once that I have the impression that Maskhadov is a man of his word. Strictly speaking the agreement in many respects was founded on this, precisely on this, that those people with whom we were negotiating would guarantee implementation of the agreement relying on their authority among the field commanders, their influence."

"But a completely new situation has arisen there now and it seems to me that maybe these people themselves overestimated their capacities, their influence. Today a Dudayev decree was sent to me by fax, nothing other than an insult to Russia, to the federal authority in any

case, I cannot call...[pauses] if I quote just one point in which Dudayev turns the agreement itself on its head. He writes, to recognize and declare illegal and subject to unconditional disarmament in the first instance the armed groups of organizations whose activity and aims are directed at subverting the constitutional order, against the integrity of the state, it seems that all is fine but it goes on, against the integrity of the state of the Chechen Republic-Ichkeriya, that is, the federal troops are illegal, in the opinion of Dudayev, in the Chechen Republic. They do not need to be disarmed but withdrawn. Plus, and this is not very literate, to recognize as illegal people who do not take part in warding off the Russian Federation's military aggression against the Chechen Republic-Ichkeriya. That is those who did not help Dudayev should also be considered outside the law and disarmed. So a completely new situation is developing."

Notkin then moves onto a new subject, that of the role of the Russian president's assistants. "The sectors that they are responsible for are in a totally nightmarish situation, I mean Baturin [Yuriy Baturin, assistant with responsibility for national security], Livshits [Aleksandr, assistant on economic issues], highly respected people, yourself, you all have colossal personal authority but what you look after is almost in free fall."

Krasnov replies: "Yes, this is one of the eternal questions. There are good governors in whose lives everything is bad. People really do decide a lot, including within the president's apparatus, a lot but far from everything. Those whom you named are the president's assistants. We do not govern directly, do not govern, we do not even have the basic distributive functions of power to punish someone by our authority, dismiss, reward etc. We cannot govern. We prepare decisions in one area or another, and incidentally, I think that the best part of our decisions are good ones but then the most important aspect comes into play, implementation of these decisions."

Notkin cites the example of organized crime: Crime was at such a level that something must be amiss with policy, it could not simply be a matter of one major not fulfilling the president's decision. Krasnov replies that he did not agree that policy was wrong, but that it was a question of what was meant by policy in terms of law enforcement bodies. Notkin then recounts a meeting with Colonel General Korzhakov at a tennis tournament at the weekend. Having been upbraided for the failure to find the killers of journalist Listyev and businessman Kivelidiy, Korzhakov says that the people who ordered the murders of Listyev and Kivelidiy were not racketeers or mafia but the same class of bankers as their colleagues. Notkin goes on to criticize the

economic policies that had led to the creation of such a class of criminals.

"It is better to talk to other assistants on economic issues, Krasnov says. "I could even, crudely speaking, be a hindrance as I always recall that the president and the bodies subordinate to him have a legal limit. I think policy consists of this, to act within the sufficiently narrow framework of the law, and if this continues I would be very happy as the old system was built on governing through people while the new system of governing through the law has not yet been set up. At this juncture this disgraceful situation arose when good decisions were not implemented. So our task, and above all that of the Russian president to create this new system is a terribly difficult task, because even people do not want to understand this. Letters often arrive that say that the court has made such and such a decision, will the president revoke this decision of the court. This is the old Soviet habit that the CPSU Central Committee can revoke any decision of the court."

Asked his reaction to a proposal that Russian troops be withdrawn from Chechnya and the republic declared a hostile foreign state, Krasnov says: "I feel extremely negative about it because to turn Chechnya into a hostile state would be first of all to destroy the Russian state organism, above all, because it is not territory, it is part of the Russian state organism, and if I have time I will tell you a small anecdote on the subject. A lion goes up to a forest and says, today a fox comes for breakfast, a wolf for lunch, and a hare for supper. The hare says, but I will not go. What do you mean you will not go? I will not go and that is it. Then I will cross you out. You see we cannot act like this toward Chechnya. If it suddenly wanted to leave independently, to say, well go, would be to destroy the state organism. A second point, if we turn Chechnya into a hostile state, bearing in mind its position, we would have to surround it with a cordon, and at the least trillions of rubles would be needed for this, far more than if we invested in restoring the Chechen economy."

Asked in conclusion what he would like to wish the viewers, Krasnov says he would like to wish them patience and tolerance.

Military Operations

Ministry Confirms Russian Air Strike on Chechens
LD1708200995 Moscow INTERFAX in English
1835 GMT 17 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 17 (INTERFAX) — A top official in the Russian Foreign Ministry told INTERFAX that Russian combat jets did indeed

attack the positions of illegal militias near the Chechen village of Roshni-Chu at around 10:30 Thursday.

He said that the air strike followed the shelling of federal positions by Dudayev supporters in that area.

The official emphasized that the attack planes dropped bombs on and fired rockets into the separatist positions which had shelled the Russian troops. He declined to say anything about the air strike other than that it was successful.

According to military intelligence, Chechen diehards are stationed in the vicinity of Roshni-Chu. Afghan mercenaries have been spotted among them.

The official said that the situation in parts of Chechnya abruptly deteriorated Thursday because Chechen fighters follow Dzhokhar Dudayev's orders to continue fighting federal troops.

I feel that Dudayev has no intention of abiding by the military agreement signed in Grozny on July 30, the official said.

Attacks on Interior Troops Continue

LD1808070395 Moscow ITAR-TASS in English
0554 GMT 18 Aug 95

[FBIS Transcribed Text] MOSCOW August 18 (ITAR-TASS) — Chechen rebels attacked interior troops with small arms and grenade launchers 22 times over the past 24 hours.

The press centre of interior troops in Chechnya reported that check-points and commandant office's districts in Grozny came under fire 18 times.

No interior troops servicemen were killed in the attacks, but seven were wounded.

Federal army units were not attacked.

The Special Monitoring Commission, which is to control the implementation of the July 30 military agreement, is to meet in Grozny today for discussion of an exchange of prisoners-of-war and detainees, a news conference was told on Thursday by Chechen military leader Aslan Maskhadov.

"I have been and will be doing anything I can for Russian sons to return home, but I also want Chechen boys to return to their mothers," Maskhadov said.

Surrender of arms by Chechen rebel units is scheduled for today in villages of the Shali and Gudermes districts and in the village of Sernovodsk near Chechnya's administrative border with Ingushetiya.

Politics and Nationalism

'Influential' Muslim Organization Urges Peace

LD1708163795 Moscow ITAR-TASS in English
1530 GMT 17 Aug 95

[By Sharip Asuyev]

[FBIS Transcribed Text] GROZNY, August 17 (ITAR-TASS) — The Council of Descendants of Prophet Muhammad, Chechnya's influential religious body, on Thursday urged compatriots to halt the fighting in the republic and called for all-embracing peace and accord.

An appeal which was distributed in Grozny said that "the establishment of strong peace and the reconciliation of the kin has become the life or death issue for all the republic and its every resident."

The appeal also said that Council representatives would work on the permanent basis in all Chechnya's localities.

Romanov, Maskhadov Seen Working for Chechen Peace

MM1808095095 Moscow IZVESTIYA in Russian
18 Aug 95 pp 1-2

[Article by ITAR-TASS observer Tamara Zamyatina "specially for IZVESTIYA:" "Anatoliy Romanov and Aslan Maskhadov: 'We Will No Longer Be Able To Shoot One Another'"]

[FBIS Translated Text] Relations between these two people — Lieutenant General Anatoliy Romanov, commander of the combined group of Russian forces in Chechnya; and General Aslan Maskhadov, chief of the main staff of the Chechen armed formations — are one dramatic page in events now under way in Grozny in connection with the implementation of the agreement on the set of military questions signed 30 July.

Anatoliy Romanov and Aslan Maskhadov are now at not the center but the epicenter of public attention: Scarcely are they seen getting out of their vehicles than journalists rush headlong toward them and Russian and Chechen mothers whose sons are in prison or at screening centers approach them with their prayers and hopes. Anatoliy Romanov's directives to the federal troops and Aslan Maskhadov's orders to field commanders are matters of life and death for thousands of people — no more and no less. They are reprimanded — separately of course — by Minister of Internal Affairs Kulikov and Chechen President Dzhokhar Dudayev, who issue contradictory directives and set them supertasks that are known to be unfeasible.

On studying a radio intercept at the Russian special services post in Grozny I learned that Dzhokhar Dudayev dares to call the chief of his main staff a "mulehead" and is threatening to exterminate him if he toes the Russians' line. Minister of Internal Affairs Anatoliy Kulikov, who is a tough man, said the words "Lt. Gen. Romanov" in journalists' presence with such a guttural note in his commanding voice that there was reason to assume the possibility of a cadre reshuffle.

During contacts with Romanov and Maskhadov in the course of a 12-day assignment to Chechnya — outside the OSCE building, on tours of the villages, at meetings of citizens, over dinner at the Russian troop command headquarters in Khankala and with a Chechen family in the mountain settlement of Zandak — and seeing them face to face during the most dramatic moments of the talks, you begin to realize that today their destinies are somewhat alike, although they represent opposing sides. And, paradoxically enough, you are filled with sympathy for both of them, even though Maskhadov says publicly that not so long ago he not only directed but even took part in combat operations against Russian troops. Not as a bandit but in an honest fight, defending his homeland. Those are his words, not mine.

Both generals are utterly sick of fighting and have realized — these are also their words — that there will never be any victors in this war.

Maskhadov's statement has already been conveyed around the world from Shali via TASS: "I will carry out the agreement fully even if Dudayev reneges on it, and even if Khadzhiyev and Avturkhanov renege on it." By a strange coincidence, Anatoliy Romanov's interview statement that disarmament would be carried out by peaceful means alone was reported 15 August from Grozny at virtually the same time as Russian President Boris Yeltsin's ultimatum regarding his tough approach to disarming the illegal formations. How can you make out who is opposing whom, who is briefing the president, when the president considers it possible to disarm "by 1800 hours" illegal armed formations that have been arming for four years.

Realizing that it will take not hours, not weeks, but months to disarm them, Romanov and Maskhadov are driving out to population centers, convening assemblies of citizens, addressing people and explaining the crux of the military agreement, and trying to persuade them to surrender their weapons and keep just 15-25 guns for detachments safeguarding the citizens' security.

...Romanov walked onto a makeshift stage — the porch of the village club in Zandak — and said the following: "Esteemed guests! Hopeful of your wisdom, I ask you to prevent further bloodshed in your village, which causes

the same trouble for all of us." Maskhadov speaks Chechen to his fellow countrymen: "We have had enough of dividing one another into Dudayevists and oppositionists! We are all Chechens, Muslims, brothers and sisters! I ask everyone to lay down their arms and elect members of the self-defense detachments." They applaud Romanov and yell at Maskhadov: "Allah Akbar!" It is quite clear that people intuitively realize that these words are not just being bandied about, that these two generals can be trusted, and that, if they are removed, no good will come of it.

Meanwhile instructions have come from the Russian Defense Ministry regarding the procedure for disarming illegal formations. According to the instructions, representatives of the federal command and Maskhadov are to go to a population center, order the male population to come out to the gates of their homes with one hand in the air and the other holding up a rifle, which must be surrendered to the victors.

What kind of crude brain could have devised such instructions — which, thank God, the troops only laugh at? The author should be sent a photograph of a Chechen boy of three or four years of age with a green kamikaze soldier's bandanna on his head and a toy rifle in his hands. You should let him listen to the Chechen songs about the motherland, which express the pain felt by whole generations for their afflicted land. But he is a fool and would not understand.

Local residents say that fortunately the troops who captured Grozny and fought through the winter have already been withdrawn from Chechnya and replaced by new subunits. They committed atrocities and wrought vengeance on everyone for their dead comrades. The current troops are behaving with restraint and are not provoking the Chechens. Although you do not have to provoke the scattered hard-line gangs that fall under no one's command: They scarcely wait for dusk before they start shelling fortified posts, plant explosives on wires around Russian units' bases, and mine the approach roads to Khankala. They have already sentenced Gen. Romanov to death for a third time. Maybe Maskhadov too — I do not know.

I will only say what I myself saw and heard. On the Chechen side the talks in Grozny are being "orchestrated" on his chief's instructions by Dzhokhar Dudayev's assistant Movlen Salamov. He drives up to the OSCE mission early in the morning and says confidently that there will now be some kind of protest by the Chechen delegation. Then Maskhadov or delegation leader Khozhakhmed Yarikhanov is summoned out of the building, taken into a neighboring building — the delegation's headquarters — given instruc-

tions, and given a "lecture" [nakachivat]. Half an hour later Movlen Salamov's scenario materializes. Unable to stand this blatant ploy, I said to the gray-haired man: "Why are you preventing the delegations from working? Are you giving Maskhadov a rap over the knuckles?" "Yes, and we will do so if he makes concessions," Molven replied with a Mephistophelian smile.

Maskhadov leaves the OSCE mission with a face blacker than thunder and drives off, to try before the next day to persuade Dudayev and his field commanders not to play with fire and to carry out the agreement.

The difficulty is that the leaders of the Russian Government delegation at the talks in Grozny have not coordinated many matters pertaining to the practical implementation of the military agreement with the Chechen side and have not yet embarked on the set of political questions. And everything is so tightly linked that without an answer to the political questions both generals are constantly up against an impenetrable wall when it comes to implementing the agreement. How, for instance, can self-defense detachments of former Dudayevist militiamen and organs of law and order comprising supporters of Khadzhiyev and Avturkhan coexist? Should the pro-Russian Labazanov's detachments be disarmed if they are also illegal in the context of the agreement? Neither the Dudayevists trying to place their people in senior posts in the administration of the rayons they control, nor the supporters of the Government of National Revival and the Committee for National Accord who have received leadership portfolios in other territories, are willing to voluntarily surrender their posts, even though the local administration is supposed to be chosen by citizens' assemblies. Romanov and Maskhadov told journalists virtually with one voice: "The issue of regional power should be resolved by means of political talks between the two delegations." Russian delegation head Vyacheslav Mikhaylov replied "Political talks will not begin unless there is progress in implementing the military agreement." It is a vicious circle.

It is admirable that two military men — Romanov and Maskhadov — are by some miracle refraining from harsh words toward one another, although both of them sometimes gnash their teeth with the tension. In public they use the polite form of address, with their name and patronymic. But in private they are more familiar and call one another "Aslan" and "Anatoliy." When dining at a Chechen home at the same table to save time they refuses the kabobs: "The war is over, we do not need our strength, so we will do without meat."

They clasped one another in a firm embrace on meeting the next day: "You realize that after this we will be unable to shoot one another."

I am far from imagining that the Russian soldiers and Chechen militiamen will follow their commanders' example: This war has generated too much hatred. But perhaps both sides will look at this photograph and say to themselves and to one another: "That's enough. Enough is enough. We are sick of fighting."

Dudayev Seen Pulling Strings in Chechen Affairs

MK1708123095 Moscow KOMMERSANT-DAILY
in Russian 17 Aug 95 p 3

[Report by Natalya Kalashnikova under the "Situation Over Chechnya" rubric: "Chechen Absurdity, or Dudayev's Orders for Moscow"]

[FBIS Translated Text] The blurred border between the strange peace and the strange war in Chechnya is becoming increasingly indistinguishable day in, day out. Reports that come in, overtaking each other, first on the resumption of talks, then on yet another pause in them, leave a feeling of depressing bewilderment: What is actually going on in Grozny and its environs? The federal troops are fired at. The mystically elusive Dudayev makes yet another televised address, announcing that Russia's "unprecedented military aggression against the sovereign state of Ichkeriya" has been recognized both "de facto and de jure." A source at the federal command, citing intelligence reports, claims that forces loyal to Dudayev are preparing an assault on Grozny. The chiefs of the Chechen Electoral Commission are directing their steps to Moscow on a superdemocratic mission of submitting their proposals on elections for Chechen representative authorities and the State Duma.

Against the backdrop of reports on the military situation, mutual recriminations, and ultimatums exchanged by the negotiating parties, the last report was particularly intriguing. It turns out that things are not that bad as regards the formation of a civil society and the political activity of citizens in Chechnya, which seemed to have been demoralized: A least 20 public-political movements and parties operate in the republic; a sophisticated multi-party system has taken shape and is successfully functioning.

At least 20 Chechen political leaders (it only remains to find out how much they differ from the field commanders and what they are doing during intervals between party meetings) have called for elections for Chechen republic and local representative bodies to be called concurrently with elections for the State Duma. Moreover, not only did they call for elections, but they attended

a roundtable, which was organized by the (Chechen) Central Electoral Commission in Grozny the other day. This event was reported by the press service of the administration of federal executive authorities in Chechnya. In the view of the participants in this performance, which was impeccably democratic by any standards, legitimate authorities are indispensable if peace and stability are to be achieved and if the economy, "ruined by three years of the Dudayev regime and military operations," is to be restored. The disparaging reference to the "Dudayev regime" appears to indicate that none of the 20 parties and movements is sympathetic to the general. As for the planned trip of the Chechen Electoral Commission to Moscow, its goals cannot but move one to sweet tears: Moscow politicians will be pleased by the constructive proposals of the "anti-Dudayev Group of 20" on how life can be improved by holding democratic elections in Chechnya, which has become fully mature enough to bear them (in their view, the full maturation will be complete precisely by 17 December) and, in addition, the commission will request from Moscow a quota to elect two deputies from the Chechen Republic to the Russian State Duma. And their requests deserve to be heeded: As of 1 January 1994, there were a total of 600,000 voters in Chechnya, while in the previous elections one deputy was elected to the lower chamber per approximately 480,000 voters. Presumably, the offer of a seat in the Russian parliament will trigger fierce competition: After all, this is a protective license that will keep law-enforcement agencies away. In this case even popular heroes such as Basayev may well join in the fray. As a matter of fact, the Defense Council decided "to include the personnel of the reconnaissance-sabotage kamikaze battalion under Colonel Shamil on the list of sons and daughters of our Fatherland for all time." The general reminded the audience of that on television.

He also recalled that the Defense Council of Ichkeriya under his — Dudayev's — command obliged the federal troops "to finish their complete withdrawal from Chechen territory by 20 August." Speaking on television he called on all fighters — both rebels and those loyal to the government of Salambek Khadziyev — to lay down their arms concurrently. So the invincible Dzhokhar has not forgotten his people: Now and again he will present himself to them, alive and elusive. Few people see him, however, because his television signals that last for a few hours every evening can be received only in a number of villages high in the mountains several kilometers southeast of Grozny. But the brave federal services have so far been unable to spot the limited-capacity transmitter that seems to be defying any direction finder or the "television stars" who broadcast using it. Or, maybe, they do not want to. Indeed, suppose they catch Dudayev. Whom will the

Chechen negotiators go to for consultations? Yesterday [16 August], for instance, according to an ITAR-TASS report, the Chechen delegation "unexpectedly" returned to Grozny at 1100. But on the previous evening its head, Khozh-Akhmed Yarikhanov, said that he was leaving "for a couple of days" to hold consultations with Dudayev — this was known to both Russian journalists and the Russian Government delegation under Vyacheslav Mikhaylov, which also left for Moscow for consultations during the same couple of days. Therefore, it is precisely Dudayev with whom the Russian side is holding talks by proxy. But for some reason it is hiding this fact, pretending to be negotiating with someone else, because with him there is allegedly nothing to talk about. But hunting down one's actual negotiating partner would simply be bad manners from a diplomatic point of view. Curiously, as regards elections and other democratic trappings for Chechnya, Moscow appears to be entering a dialogue with the "anti-Dudayev Group of 20," not Dudayev. The situation looks all the more absurd if we recall Moscow's recent ultimatum promising possible "tough measures" (this is as regards democratic trappings) or the story of Yarikhanov's unexpected return to Grozny because he, for some reason, either cut his meeting with Dudayev short, canceled it altogether, or was not granted an audience by his patron (this is as regards the subject of a partner in the talks).

Another Chechen negotiator, Aslan Maskhadov, chief of the Chechen Main Staff, said, however, that field commanders in Gudermes, Vedeno, and Shali rayons are ready immediately to start surrendering weapons. Frankly, there is no way of knowing whose story is more credible.

Chechnya Edict's Constitutionality Suspect

954F3056A Moscow MOSCOW NEWS in English
No. 27, 14-20 Jul 95 pp 1, 3

[Article by Leonid Nikitinsky: "Chechen Crisis Moves to Moscow;" first paragraph is MOSCOW NEWS introduction]

[FBIS Transcribed Text] The Constitutional Court of the Russian Federation began examining the inquiries of State Duma and Federation Council deputies on the constitutionality of presidential and governmental acts which marked the beginning of hostilities in Chechnya.

However hard the judges may try to keep within the framework of the formal law, they are doomed to pass a decision which will play a pivotal role in the country's political life. This makes them get nervous and shun all intercourse with journalists.

The court came to its sitting practically in its entire complement with the exception of Nikolai Federnikov who is on leave. Despite their differences in views the judges demonstrated a desire to adopt an Olympian neutrality. However, contradictions will surface as soon as there arises a need to pass a decision, be it a verdict on the substance of the case or an interim ruling — on a suspension of considering the case. Given the upcoming election campaign the latter decision may play into the hands of the anti-presidential political camp.

Thanks to the concerns of the Federation Council's speaker Vladimir Shumeiko who for so long bombarded the Constitutional Court with "secret" inquiries unsatisfactory in form, on the opening day of the sitting the judges were still compelled to decide which of the Council's applications had to be considered legitimate. The court agreed to consider all the existing inquiries, seeing the question of whether to consider them as a petition of the chamber as a whole or only one-fifth of the Federation Council deputies as being not of the most fundamental importance.

Only by the beginning of the sitting did the deputies of both chambers receive at last the texts of the "Military Doctrine" (appealed against by the Duma members) which prior to this had been known to legislators only "in summary," and the "secret" presidential decree of November 30, the text of which they had studied in the magazine *Novoye Vremya* (New Times). However, the opposite side's objections formulated in advance were never presented to the deputies, although this is envisaged by the Law on the Constitutional Court.

This whole mess, which in no way contributes to the normal flow of the trial, is evidently explained by the instability of the political background against which the hearing of the case is unfolding. Duma deputies maintain that the consideration of their application, which was submitted to the Constitutional Court as early as the beginning of April, was being deliberately dragged out by means of manipulating the upper chamber's application. The latter was absent at that moment, and therefore it was not obligatory to join it to the lower chamber's inquiry. If this reproach is justified, it is possibly explained by the judges' desire to wait until Chechnya is stabilized, which would enable them to pass the decision in a more tranquil atmosphere. It is not accidental that the date of the hearings was fixed after hopes appeared for a settlement of the Chechen conflict.

Only a day before the beginning of the trial did Boris Yeltsin officially notify the Constitutional Court about the composition of the team authorized to represent the interests of the president and the government. According to MN's information, the delay in the appointment

of representatives is explained by the internal dispute of a political rather than legal character: should the president and the government's interests be advocated by the same persons in the Constitutional Court? On the answer to this question largely depended the tactics of the president and the premier who are, in effect, the main behind-the-scenes persons. The decision on a common representation, adopted at the last moment, bears witness to the consent of Boris Yeltsin and Chernomyrdin, who have not always acted as a united front in the Chechen conflict, to share both success and responsibility at this court trial.

The interests of the president and the government will be represented by Vice-Premier Sergei Shakhrai; Yuri Baturin, Yeltsin's national security adviser; and Oleg Kutafin, rector of the All-Russia Academy of Law. Shakhrai's leadership in this legal team has not been shaken even by the fact that in the Northern Caucasus he is considered a "grey cardinal" whose activities in the sphere of nationalities policy predetermined the tragedy in Chechnya (Isa Kostoyev, Federation Council representative, even tried to object to Shakhrai's candidature).

The Federation Council is also represented by Yelena Mizulina, who came from Canada only on Tuesday, and the State Duma — by Gherman Karelin, Yuri Kalmykov and Anatoly Lukyanov.

If we sum up the content of the inquiries made by the deputies of the State Duma and the Federation Council, they question the constitutionality of three documents: the so-called secret decree of the president dated November 30, 1994 (inquiry by the Federation Council), the Decree of the president dated November 2, 1993, "On the Main Provisions of the Military Doctrine of the Russian Federation" (inquiry by the State Duma) and the resolution of the RF government dated December 9, 1994, which actually gave a green light to the dispatch of troops into Chechnya (inquiries by both chambers). Falling out of the above-mentioned package of documents is another one without which the picture is incomplete: that is the president's decree of December 9 (neither secret nor advertised) which immediately preceded the government's decision and contained a pertinent instruction to the Cabinet of Ministers. The Federation Council did not support the State Duma's request that the Constitutional Court examine citizens' complaints against their constitutional rights being violated by the actions of the armed forces in Chechnya because this takes the legal process through a political channel.

The accusatory elan of deputies' interpellations is predicated on the assumption that the armed operations in

Chechnya were commenced by the president and the government in bypassing any legal procedure presupposing the imposition of an emergency in such cases. Under the existing Law of the RSFSR "On Emergency Situations" dated May 17, 1991, "the President of the RSFSR on an instruction from the RSFSR Supreme Soviet shall take steps to involve the Armed Forces, finding themselves under the jurisdiction of the bodies of the Union of Soviet Socialist Republics," in eliminating the consequences of natural calamities, accidents, etc. The deputies who signed the inquiry consider this law still valid — in the absence of any other — whereas the presidential side sees it as having actually lost validity. It is the resolution of this dispute that will become the main legal question the Constitutional Court will have to answer.

From the facts of recent Russian history, it is clear that the May 17, 1991 Law on the Emergency Situation was created to serve the task directly contrary to the one now confronting the Federation: not for the purpose of opposing centrifugal tendencies within Russia, but to resist the centripetal proclivities of the then existing USSR. Shakhrai has pointed out that the disputed law enumerates no longer existing subjects. And, to substantiate the president's right to use the armed forces, he makes reference to the norms scattered in other Russian laws of 1991-92: "On Security," "On Defense," "On the Militia" and "On the Statue of Military Servicemen."

The presidential side's argumentation looks convincing, yet the Constitutional Court would create too dangerous a precedent by placing it at the bedrock of its decision. After all, in the present-day political situation the legislative branch has found itself even farther away from the adoption of a new law on emergency situations than it was prior to the beginning of the Chechen conflict. On the other hand, Shakhrai's position, if subjected to a certain logical simplification, boils down to the contention that in the absence of a law on emergency situations the president is free to impose it quite arbitrarily on any occasion and on any territory without asking for anyone's advice.

From the formal point of view the presidential side is ready to "pour ashes on its head" and recognize the November 30 decree as fallacious. The true motive for such a retreat is evidently not so much the "secret" character of this key document emergency in Chechnya although the question was not agreed upon with the Federation Council. Shakhrai admits that the decree of November 30 was signed by the president, but claims that shortly after it was also repealed by him and did not have any legal consequences. This is disputed by the Federation Council, according to whose information at the sitting of the Defense Ministry collegium on February 28, 1995, Defense Minister Pavel Grachev referred in substantiating his actions exactly to Decree No. 2137-s dated November 30.

Whereas the decisions of the president and the government merely created the statutory foundation for the actions of the armed forces in Chechnya (moreover, in the government's resolution the missions of the units of the MVD and the Defense Ministry are formulated as the "disarmament of unlawful armed formations" and nothing more than that), the bombardment of residential neighborhoods and the assassination of civilians must already be seen as the "excesses of executives." Given this way of posing the question, the space for a constitutional dispute is being narrowed to the maximum with the corresponding expansion of the space for the criminal prosecution of the culprits of the "excesses."

If the Constitutional Court takes the road suggested by Shakhrai, it will most likely pass a special decision on the need for more careful and prompt investigation actions on concrete facts linked to the federal troops' actions in Chechnya. If this scenario is further enlarged upon, the culprit may be found in Grachev whom the president will at last "surrender" as soon as political responsibility for Chechnya has been delimited between him and the defense minister with a decision of the Constitutional Court.

Official Outlines Functions of Interstate Council

954F3101A Moscow PRAVDA in Russian 10 Aug 95
p 2

[Interview with Serik Primbetov, chairman of the Executive Committee of the Interstate Council of the Republics of Kazakhstan, Kyrgyzstan, and Uzbekistan, by correspondent Tleuzhan Yesilbayev in Almaty; date not given: "Plane Tree Under the Sun"]

[FBIS Translated Text] [Yesilbayev] The Executive Committee of the Interstate Council of the three countries is a fundamentally new interstate formation in the Central Asian region formed a year ago on the initiative of Presidents Nursultan Nazarbayev, Askar Akayev, and Islam Karimov. What does it represent and what goals does it pursue?

[Primbetov] The appearance of the Interstate Council and its Executive Committee was preceded by the decision of the leaders of the three republics to create a single economic space within the confines of Kazakhstan, Kyrgyzstan, and Uzbekistan. We are integrating on the basis of centuries-old ties of neighborliness, preserving national distinctiveness and sovereignty here. But our rapprochement under the new historical conditions does not in the least mean regional exclusiveness. The treaty on the creation of the single economic space is open to other countries of the CIS.

If, however, we are speaking about the principal functions of the Executive Committee, they are manifold. We organize meetings of the presidents and the heads of government and the foreign policy departments and experts on this matter or the other. In addition, we have been entrusted with the elaboration of substantiated drafts and decisions of a conceptual nature for consideration by the Interstate Council and also joint proposals on the rational interstate division of labor.

The staff of the Executive Committee, manned by experienced, highly professional employees, is performing a great deal of work on the creation of practicable economic conditions for the mutual investment of capital, including the attraction of foreign investments and credit, in spheres of the economy of mutual interest.

[Yesilbayev] The leaders of the three neighbor republics have jointly signed a number of important documents. How do they work for integration?

[Primbetov] Their basic propositions are geared to the long term inasmuch as integration is a lengthy process, not one that can be accomplished overnight or in a year. As the experience of the states which are members of the European Union shows, it took them 40-50 years to get there.

The main thing today is that the leaders and the community of a majority of republics of the former USSR realize that before moving onto the world market, it is necessary to create a regional market. In my view, many people mistakenly understand the market as freedom of each and everything. Let the doors be opened wide to all who can make the effort, they say, and let everything come in and go out. But the experience of the developed countries testifies that a market may take shape only if there is strict state regulation.

The Executive Committee has published the digest "Brief Survey of the State of the Economy of the Participants." It presents the main socioeconomic indicators of the development of our republics in 1991-1994. It is not difficult upon familiarization with them to conclude that it is unrealistic to hope that we can manage without the support of and firm ties with our traditional partners. This is why each republic that is a part of the Interstate Council must with great perseverance seek the full-fledged work of the Economic Union as an integrated formation with permanent and stable ties making it possible to ensure the dependable cooperation of production and the development of trade and other forms of cooperation.

We have held approximately 20 meetings of experts. A draft program of economic integration up to the year 2000 has been drawn up on the basis of their results. This program, which has been approved by the premiers, includes more than 69 projects in all the main branches of the economy—fuel and energy, iron and steel, mechanical engineering, the agro-industrial complexes, and chemical and light industry.

In addition, there is the task of examining priority investment projects. There are 10 of them altogether. Primarily the stabilization and development of the raw material base of the Karatau phosphorite basin. After all, our trade and economic cooperation with the two neighbor countries is built on the fact that Uzbekistan supplies us with gas, and Kyrgyzstan, with electricity. It is these types of products that account for the lion's share of the commodity turnover. For this reason the phosphorite basin performs a big role both for Kazakhstan and for Uzbekistan and Kyrgyzstan, which use a large quantity of the Karatau raw material.

Unfortunately, the Karatau phosphorite basin has thus far been developed extremely unsatisfactorily. This problem requires the speediest solution by the efforts of both Kazakhstan and Uzbekistan, Kyrgyzstan, and Russia, more than 40 of whose enterprises work on Karatau raw material.

Economies in energy resources could produce rapid returns. And meters and gauges are needed for this

first and foremost. This is why the development of capacity for the production of instruments for recording the consumption of gas, water, and electric power is the second main investment project.

[Yesilbayev] What, in your view, is holding up the entry of Turkmenistan and Tajikistan into the Interstate Council?

[Primbetov] Turkmenistan, as far as I know, has yet to express its intentions in regard to the treaty on a single economic space. But nor have we yet made it an official offer. I believe that Turkmenistan's position may at this time be regarded as being wait-and-see. It obviously wants to see what the results are. If Turkmenistan sees that the treaty is working, its affiliation to the single economic space will not be far off. As far as Tajikistan is concerned, it will become a full member of the Interstate Council, I believe, as soon as the domestic political situation in this republic normalizes. Especially since the emblem of the alliance of our states is a plane tree under the sun. And plane trees, as we know, have five branches.

We regard Central Asia as a single whole. And the whole civilized world understands by Central Asia five states together. Were they all together, they could, naturally, perform a more appreciable role in the world community and in the world economy, since there is within the confines of our states everything necessary for their successful development. As long only as there is peace and harmony.

ITAR-TASS Carries Press Review for 18 Aug

LD1808071195 Moscow *ITAR-TASS in English*
0532 GMT 18 Aug 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW August 18 (Itar-Tass) — The Russian daily IZVESTIYA in its comment on Chechnya concludes that Chechen rebels have begun to lay down their arms.

"The people who two days back were seriously discussing the threat of the war being continued somewhat calmed down — real conditions have emerged for the talks to continue," the newspaper writes.

IZVESTIYA publishes an article of ITAR-TASS reviewer Tamara Zamyatina on relations between commander of federal troops in Chechnya Lieutenant-General Anatoliy Romanov and Chechen military leader Aslan Maskhadov.

"Both generals have had enough of the war and realised... that there will be never a winner in this war," the article says.

The Russian army daily KRASNAYA ZVEZDA publishes an interview with Chechen military commissar Colonel Ibragim Suleymenov.

"Today only the federal troops can defend the Chechen people from the Dudayev mafia. And only Russia can help out Chechnya from complete ruin and destruction," Suleymenov says.

ROSSIYSKAYA GAZETA recounts a recent meeting of its editors with Heroes of Socialist Labour — peasants, constructors, metallurgists, machine-builders.

Work must be valued if we are to change our society for the better, was the refrain of the meeting.

This newspaper is highlighting the slates of electoral blocs embarking on the race for the Russian State Duma election scheduled for December 17.

Today's issue presents an interview with Yuriy Petrov, chairman of the Union of Realists.

To Petrov, the main remedy lies in "unification in one bloc of all realistically thinking and acting people".

"Bryansk Governor Allowed to Resign" by IZVESTIYA's reviewer Valeriy Vyzhutovich comments on the sacking of Bryansk regional administrator Vladimir Karpov by an recent order of President Boris Yeltsin.

Yeltsin accepted Karpov's letter of resignation.

IZVESTIYA's article of July 26 had said a real governor of the Bryansk region was not Karpov but Oleg Kibaichich, a local owner of numerous businesses and a man with a criminal record.

The focus of international columns of Russian newspapers is on the former Yugoslavia.

The TRUD daily publishes an interview with Vladimir Volkov, director of the Institute for Slav and Balkan Studies of the Russian Academy of Sciences.

Volkov thinks an international conference on the Bosnia crisis will take place.

He forecasts that Western delegates to the conference will cling to the double standards policy.

Croatia is unlikely to face any sanctions despite its recent offensives were crimes against all nations of the former Yugoslavia, Volkov says.

International reviewer of IZVESTIYA Maksim Yusin in his comment says the Bosnian Serbs have been confronted with the dramatic present plight for the first

time over the years of the Balkan crisis. They will hardly be able to cope with it, Yusin writes.

"It appears that what remains to Karadzic today is to hope either for Belgrade's interference in the conflict or for a truce to be agreed upon soon," Yusin says.

Team To Discuss 'Peaceful' Nuclear Use With Iran

LD1706115995 Moscow INTERFAX in English
1030 GMT 17 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 17 (Interfax) — On Thursday a delegation from Russia's Atomic Energy Ministry led by Deputy Minister Yevgeniy Reshetnikov left for Iran to discuss bilateral cooperation in the peaceful use of nuclear energy.

The Russian delegation is expected to stay in Iran till August 25, sources in the Atomic Energy Ministry told Interfax. Its discussions will focus on an addendum to the Russian-Iranian contract to build a nuclear power station in Bushehr.

The document to be signed at the conclusion of the visit provides for supplying Iran with nuclear fuel and for despatching the used fuel back to Russia for recycling. The two sides are also to determine a bank for making settlements during the implementation of their contract.

Under the document nuclear fuel supplies to Iran are to begin in 2001, when the construction of the nuclear power station in Bushehr is concluded. Russia intends to supply the station with nuclear fuel for 30 years.

The building and work of the nuclear power station in Bushehr, the deliveries of fuel and its placing into the reactor will be monitored by the International Atomic Energy Agency. The used fuel will be recycled by the Mayak plant in the Chelyabinsk Region.

The nuclear power station in Bushehr will use a Russian-made light-water reactor of the VVER-1000 type. This is a powerful reactor in which water is used as moderator of neutrons and heat-transfer agent. As experts from the Atomic Energy Ministry pointed out, such a reactor cannot be used to accumulate weapons-grade nuclear materials or to make nuclear bombs.

The Russian-Iranian contract for building the nuclear power station in Bushehr is worth about \$800 million. It will rise if the proposed addendum to the contract concerning the supplies of nuclear fuel and its recycling is signed.

As Interfax learned from the Atomic Energy Ministry, Russian and Iranian officials are studying the possibility of expanding their cooperation. Iran is interested in building another power unit with a light-water reactor of the VVER-1000 type, plus a third and fourth reactor of smaller capacity — VVER-440. However, no documents have been signed in this connection yet.

Power Plant Construction in November

LD1808100895 Moscow ITAR-TASS in English
0909 GMT 18 Aug 95

[By Oleg Kumin]

[FBIS Transcribed Text] TEHRAN August 18 (Itar-Tass) — The construction of a nuclear power plant in Bushehr, southern Iran, will be tentatively launched in November or December of this year, Russian Deputy Atomic Energy Minister Yevgeniy Reshetnikov told Itar-Tass today.

Feasibility studies are being conducted by Russian experts who are to finish a blueprint by September.

Reshetnikov chairs the ministry's delegation which jointly with Russia's Alta Bank, Iran's Melli Bank and governmental quarters is to set a payment schedule.

The Iranian official news agency IRNA on Thursday reported Reshetnikov's visit to Iran, saying that under the U.S.' pressure Russia altered provisions of an earlier Russian-Iranian agreement on cooperation in the nuclear field.

Russia backtracked on its plan to export to Iran nuclear equipment which Washington says can be employed in military programmes, the agency said.

Reshetnikov dismissed the report.

He said "failure to export any equipment for the nuclear power plant is out of question. If one small bolt is not supplied, there will be no plant".

Reshetnikov also denied that Russia was influenced by the U.S.

He said a protocol of intent was signed with Iran in January of this year. Under the protocol, Russia will consider exporting to Iran a centrifuge plant.

However, this subject will not be raised either during this visit or in the nearest future," Reshetnikov said.

As for Russia's exports of fuel for the nuclear power plant, Reshetnikov said it would be supplied by "a factory in Novosibirsk".

The factory is Russia's sole producer of the fuel which is used in the type of the reactor which is to be installed at the Bushehr plant, Reshetnikov said.

Daily Reports Clinton Decision To Halt Nuclear Tests

MM1808110295 Moscow KRSNAYA ZVEZDA
in Russian 18 Aug 95 p 3

[Report by Mikhail Pogorelyy: "Nuclear-Free World One Step Closer?"]

[FBIS Translated Text] Before going off on another vacation U.S. President Clinton announced his decision that the United States will conduct no nuclear weapons tests before the conclusion of a full, comprehensive test ban treaty. To date three of the five nuclear powers (at any rate those officially recognized as such) have expressed willingness to direct the Geneva talks on this subject toward the signing of a treaty. France, as we know, has promised to join the majority once it has completed its series of eight test explosions. China, while not objecting to the actual idea of a ban, is quietly continuing experiments before the idea is put into practice and detonated its second charge this year yesterday. What is more, Beijing is insisting on its right to carry out explosions for peaceful purposes.

However, such exceptions could nullify a "full and comprehensive" ban. Suppose Pentagon and U.S. Defense Department specialists, who technically have control of the U.S. nuclear arsenal, were to insist on periodic test explosions. According to the USIA, however, President Clinton has rejected the option of periodic super-low and low-yield explosions to monitor the quality of weapons, giving preference to verification technology that does not involve explosions.

Ashton Carter, assistant secretary of defense for international security, said that Washington is also prepared to share with other countries the technology for verifying the state of existing nuclear munitions without explosions, based on the use of computer simulation of the processes taking place within the warheads.

Demurin on 'So-Called' U.S. Plan for FRV Settlement

LD1708182695 Moscow Mayak Radio Network
in Russian 1530 GMT 17 Aug 95

[FBIS Translated Text] We have already reported that a briefing for Russian and foreign correspondents took place today at the Russian Foreign Ministry's press center. Replying to questions from those gathered about the so-called new American initiative on a settlement in the former Yugoslavia, Mikhail Demurin, who held the briefing, said the following:

[Begin Demurin recording] Let us note the most important points in the ideas expounded to the Russian foreign minister by Mr. Lake: These ideas are aimed

at finding a political solution as soon as possible and this is, of course, something positive. In itself the collection of ideas is not new. In principle it does not go beyond what was proposed by the Contact Group. What is very important is that they contain a recognition of the Russian proposal on consolidating the results of a settlement at a summit meeting. All these ideas have been thoroughly discussed by the international participants of a settlement. Returning to our fundamental approach, I would like to note that what is important now is not so much the position as regards the international factors — even though it is very important — as the reaction to these ideas of the sides themselves. To this end a most active sounding-out is being carried out.

As is known, a meeting with Serbia's president took place in Moscow. Our contacts with all the sides, including the Serbian side, have been continuing through diplomatic channels. Various proposals by international participants are now being discussed in the region with the sides involved in the conflict. Russia has constantly been receiving information about this discussion and after this active sounding-out, on the basis of the sides' reaction, a discussion of and search for a constructive platform will take place in the Contact Group. This sounding-out and search for solutions is something positive, which we believe it is important to stress and we note the active role in this work of our American partners. It is very important that for all the differences that exist, all international participants have been stressing the need to follow a political path and look for mutually acceptable solutions. This has also been confirmed by the latest telephone calls and exchanges of messages at a high level and at summit level.

There would be no sense in appraising any specific details from this position prior to learning the view of the sides in the conflict themselves and prior to holding a discussion in the Contact Group. We are including in the discussion everything aimed at a political solution, and — on the basis of an analysis of the positions of the sides involved in the conflict — aimed at a joint search for a real compromise.

Here we stress again that the military strong-arm element contained in certain proposals is unacceptable. But, as far as we can see, this is not at issue now. [end recording]

Spokesman on 'Grave Consequences' of Croat Shelling*LD1708182295 Moscow INTERFAX in English
1622 GMT 17 Aug 95*

[Report by diplomatic correspondents Aleksandr Kozun, Igor Porshnev, Yevgeniy Terekhov, and others; from the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Aug 17 (Interfax) — A Russian Foreign Ministry spokesman said President Yeltsin's words that Russia might unilaterally end its participation in international sanctions against Belgrade reflected "Moscow's concern that Belgrade's peace policy, an important factor in the process of non-violent settlement of the crisis on the territory of the former Yugoslavia, is not being used to the full."

Russia seeks to persuade all those involved in the settlement process to lift first a "substantial package" of sanctions and subsequently the rest of them, Mikhail Demurin told a Thursday news briefing.

"A complete settlement of the conflict is impossible without Belgrade. The peace potential of the Union Republic of Yugoslavia must be used to the full."

Recent Croatian shelling of Serb positions could have "extremely grave consequences and initiate the escalation of the conflict," Demurin continued.

He also expressed concern over recent attacks on peacekeepers, including Russian, deployed in eastern Slavonia. "The situation there is growing tense, the war of nerves is continuing," he said.

Yet those attacks have not brought about a situation "we could qualify as critical," he added.

Warning of Possible Croatian Offensive Near Dubrovnik*LD1708181595 Moscow INTERFAX in English
1622 GMT 17 Aug 95*

[Report by diplomatic correspondents Aleksandr Kozun, Igor Porshnev, Yevgeniy Terekhov, and others; from the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Aug 17 (Interfax) — A threat of an offensive on the part of the Croatian regular army against the territory under Bosnian Serb control near Dubrovnik "is rather great." "Military commanders and politicians in Zagreb openly speak about such a possibility," a top-ranking official in Russia's Foreign Ministry said in a Thursday interview with Interfax.

In his words, "Croatian officials explain their intentions by the wish to once and forever secure Dubrovnik (a

cultural and historic center and sea port in Croatia — IF) and the zone of Croatian coast adjoining it."

"One should recognize that in the course of several days this region has actually been subjected to artillery fire from Trebinje (a city on the Serb-held territory of Bosnia-Herzegovina — IF)," the diplomat said.

In his opinion, "that fact that the seizure of Trebinje would mean an aggression against a sovereign state, Bosnia, keeps Croats from [carrying out] the most resolute actions."

In this situation, the source believes, "it would be optimal if both parties adopted a corresponding decision not to provoke each other."

Characterizing the situation in Eastern Slavonia (the remains of Krajina — part of Croatia populated by Serbs — IF) the diplomat underlined that "it is also tense and can explode at any minute."

Ministry Against Barring Serb Refugees From Kosovo*LD1708174995 Moscow INTERFAX in English
1622 GMT 17 Aug 95*

[Report by diplomatic correspondents Aleksandr Kozun, Igor Porshnev, Yevgeniy Terekhov, and others; from the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Aug 17 (Interfax) — Kosovo is part of Serbia and of Yugoslavia and it would be a violation of all international norms to bar Croatian Serb refugees from settling there, Russian Foreign Ministry spokesman Mikhail Demurin told a briefing in Moscow Thursday.

Albanian Foreign Minister Alfred Serreqi recently issued a protest against settling Serb refugees in Kosovo, where a great majority of the population is ethnic Albanian.

Demurin stressed that "the problem of Serb refugees from Croatia has become a true humanitarian catastrophe, a heavy burden on Yugoslavia."

"Belgrade is not guilty of the largest refugees exodus in the history of the conflict," said Demurin. "However, it is Belgrade that has the right to decide in which regions of its own territory to settle these people."

At the same time, the refugees problem must be solved in compliance with universally recognized norms and taking into consideration specific conditions of each region, said the spokesman.

It is all the more important in the case of Kosovo where many ethnic problems remain unsolved. "In other words,

Serbs' problems must not be solved at the expense of representatives of other nations. It would only increase tensions caused by the humanitarian catastrophe," said Demurin.

He hailed the statement of the Yugoslav and Serbian authorities who claimed that they would increase control over the resettlement of refugees from Croatia.

Concern Expressed About Peacekeepers' Safety in FRY

LD1708162595 Moscow ITAR-TASS in English
1449 GMT 17 Aug 95

[By Andrey Urban; quotation marks as received]

[FBIS Transcribed Text] MOSCOW, August 17 (Itar-Tass) — "The safety of peace-keepers on the territory of former Yugoslavia regardless of their nationality is imperative for Russia," Mikhail Demurin, a spokesman for the Russian foreign ministry, told Itar-Tass today.

"We pay special attention to the conditions under which the Russian peace-keeping contingent is staying," Demurin said. "Unfortunately, provocative acts against the 'blue helmets' and incidents of shelling Russian peace-keepers deployed in the 'East' sector have been reported. 'The war of the nerves' continues," the spokesman said.

However, he noted that "for the time being, these provocations have not reached a point beyond which the situation might be described by Moscow as rather critical. He pointed out that ensuring the safety of peace-keeping contingents is imperative for the United Nations as well. In particular, in a resolution of the Security Council of August 10 which denounced Croatia's military operations in areas populated by the Serbs the Security Council demanded that Zagreb fully respect the status of the U.N. personnel, refrain from any assaults on U.N. peace-keepers and bring to justice those responsible for these attacks. "Particular demands to show restraint were made as regards Eastern Slavonia", Demurin said.

"The Russian Embassy has been closely following the situation in the 'East' sector and maintains permanent contacts with the headquarters of the airborne troops. In fact, Moscow learns about every shot as soon as it is fired," Demurin noted.

"Besides, using diplomatic channels we draw the attention of the Croatian leadership to this situation, and for its part, Croatia assures us that it would not allow any aggressive acts against the Russian contingent," Demurin said.

Asked to comment on Yugoslavia's request to call an emergency session of the U.N. Security Council and

attacks made by the Croatian army on the Serb territory, Demurin said that the Russian representative in the U.N. Security Council stressed that such acts undertaken by Croatia are fraught with dangerous consequences and might lead to further escalation of the conflict. "We have initiated a meeting between the chairman of the U.N. Security Council with Croatia's representative so that the latter give explanations about the situation which developed now," the Russian diplomat said.

EU's Bildt Visits 'Blue Helmets'

LD1708200595 Moscow ITAR-TASS in English
1945 GMT 17 Aug 95

[By Andrey Naryshkin]

[FBIS Transcribed Text] ZAGREB, August 17 (Itar-Tass) — Carl Bildt, co-chairman of the Coordination committee of the International conference on former Yugoslavia, visited on Thursday the Russian peacekeeping battalion stationed in Sarajevo.

The European Union mediator had a positive impression from a meeting with the command of the Russian battalion — the only unit of "blue helmets" which is controlling the Serb districts of the Bosnian capital, a spokesman for the headquarters of the U.N. local contingent told Itar-Tass.

In his trip Carl Bildt was accompanied by former Commander-in-Chief of "blue helmets" Bertrand de Lapresle who was later replaced by his compatriot Bernard Janvier.

It should be noted that the Russian peacekeeping battalion was the first and so far the only national contingent which Carl Bildt visited.

This rather insignificant fact, considered in the general context of international diplomatic efforts around the Bosnian settlement, may imply very serious intentions.

On Thursday Carl Bildt took part in the talks between the chairman of the European Union Council, Javier Solana, and leader of Bosnian Moslems Alija Izetbegovic. The talks focused on the new American peace plan.

According to this plan, if one or several sides in the conflict refuse to accept the new principles of military and political, and territorial disengagement in Bosnia-Herzegovina, it envisages the replacement of the United Nations contingent by the NATO international forces which would comprise several thousand soldiers from Scandinavian countries and Russia.

It is known that Moscow opposes this proposal fearing the escalation of the military conflict and the further strengthening of NATO positions in the region.

This circumstance allows to suppose logically that international mediator (the Swedish prime minister in the past) Carl Bildt as a politician who is very interested in the results of these diplomatic "games", is now preparing grounds for making concrete decisions.

U.S. Seen 'Directly Involved' in Krajina 'Tragedy'

MM1708113795 Moscow SOVETSKAYA ROSSIYA
in Russian 17 Aug 95 p 3

[Article by Yevgeniy Popov: "Tears of Serbian Mothers"]

[FBIS Translated Excerpt] [passage omitted] Who would have thought, during the time when the multi-ethnic socialist state of the Socialist Federal Republic of Yugoslavia [SFRY] existed and 800,000 Serbs lived on neighborly terms in Croatia with approximately 4 million Croats, when there were many mixed Serb-Croat families, that politicians would come to power who would use nationalism as a sort of Archimedes' lever to destroy the fraternity and unity of the peoples of Yugoslavia? Or that they would be helped in this by Germany, which played a deadly role in the Balkans in two world wars, and indeed by that same United States which, following the quarrel between Tito and Stalin in 1948, invested tens of billions of dollars in the SFRY's economy in order to deepen the split between our countries and to create a sort of shop window for prosperous, "nondogmatic" socialism!

The refugee from Serbian Krajina wiping away her tear probably does not know that Germany and the United States, which secretly prepared the Croatian blitzkrieg, are directly involved in her personal tragedy. As Professor Henrik Elbaum of the University of Calgary attested the other day on Croatian international radio, the preparation was carried out thoroughly, over the course of a year. It was headed by Fred Soyster [first name as published], former chief of U.S. military intelligence. Training embraced all subunits, which were reorganized from voluntary militiamen into a regular Army on the model of the U.S. Army. All officers up to the rank of major underwent this training. Who knows how Croatia paid for the huge quantity of military equipment — mainly Soviet-made — which it obtained, despite the embargo formally operating on the delivery of arms to the former Yugoslavia, from countries which were formerly members of the Warsaw Pact; this equipment included MiG-21 fighter-bombers and Mi-24 armored helicopters. The United States armed the Croatian Army with intelligence data and gave its blessing to operation "Storm." And now the White House is supplying a propaganda shield for Croat aggression according to all the rules of psychological warfare. While fanning the flames of interethnic conflict

in the Balkans, Washington is simultaneously shedding crocodile tears — no, certainly not about the fate of the refugee from Serbian Krajina who came under the lens of the AP reporter and other Serbian women sharing her fate. The White House, do you see, is very concerned that some Serbian refugees from Krajina have arrived in the Kosovo region, which was Serbian from time immemorial but which nowadays has a predominantly Albanian population. And the same crocodile tears are being shed over the Croats and Muslims leaving Banja Luka: The Serbs are accused of evicting them by force, although it is perfectly obvious that people have been driven into this difficult decision by the situation arising after the Croatian blitzkrieg in Krajina [passage omitted].

Release of IL-76 Crew Seized by Taleban Demanded

LD1708181295 Moscow ITAR-TASS in English
1757 GMT 17 Aug 95

[By Viktor Lebedev]

[FBIS Transcribed Text] KUWAIT, August 17 (Itar-Tass) — The Russian side handed over to representatives of the Afghan opposition movement Taleban in Qandahar, where the Ilyushin-76 plane and seven crew members has been held for two weeks, a statement by a representative of the Russian Foreign Ministry demanding the release of the Russian citizens and the aircraft.

The text of the statement was delivered this morning from Sharjah (United Arab Emirates) to Qandahar by the plane of the "Transavia" company which leased the seized IL-76.

Zamir Kabulov, counsellor of the Russian embassy in Pakistan, who represents the Russian side at the talks with the Taleban, is waiting in Sharjah for the reply from the Taleban based in the administrative centre of the southern province of Afghanistan.

The actions of the Russian Foreign Ministry supported by other departments, as well as the "Aerostan" air company to which the seized plane belongs, will promote the progress of the talks in the proper direction and must help release the Russian citizens and the plane on the basis of a civilized dialogue, Zamir Kabulov told Itar-Tass.

The "Transavia" aircraft is due to return to Sharjah on Thursday evening.

Zamir Kabulov hopes that the reply from Taleban to the statement of the representative of the Russian Foreign Ministry will come without delay.

No Complaints About Conditions of Crew

LD1708143295 Moscow INTERFAX in English
1231 GMT 17 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 17 (Interfax) — Moscow has no complaints as to the conditions Taleban (the armed opposition in Afghanistan — IF) are keeping the crew of the Russian IL-76 plane they seized on August 3 in, a senior member of Russia's Foreign Ministry told Interfax Thursday.

The plane belongs to the private company Aerostan of Tatarstan. It was leased to a firm in Sharjah (the United Arab Emirates), which handed it to the Afghan government to transport ammunition from Albania.

According to the diplomat, the seven crewmen are being kept in a separate house, not in prison. "They are given food and all they need," the source said.

Planes belonging to the Transavia company, which make flights to Qandahar, bring the necessary medicines, books, etc. for the Russians being held by Taliban, the diplomat noted.

"On Thursday we forwarded to the members of Taleban with one such plane a statement by Russia's Foreign Ministry, which says that there are no Afghans held by force in the territory of the Russian Federation," the diplomat pointed out.

According to him, Taleban said that they want to have a list of Afghan citizens allegedly held on Russian soil by force as the condition for starting negotiations on the release of the Russian plane's crew.

The Foreign Ministry has received no answer to its statement from Taleban yet, the source said.

Political Issues**Cuny's Relatives Hold News Conference in Moscow***LD1708145195 Moscow Russian Television Network in Russian 1300 GMT 17 Aug 95*

[Report over video by correspondent A. Sladkov; from the "Vesti" newscast]

[FBIS Translated Text] New details about the disappearance of Fred Cuny, an American citizen and a Soros Foundations officer, became known today. Fred Cuny's son (Craig) and his brother Chris told journalists the results of their own investigation at a news conference at the Radisson-Slavyanskaya Hotel. They said Fred Cuny was in Chechnya on a Soros Foundations mission to deliver humanitarian aid to war victims and was arrested by the fighters of a Chechen formation on or around 5 April. Ingush and Chechen sources confirmed that Fred Cuny and two Russian interpreters and two doctors accompanying him were executed on 14 April, Cuny's relatives said. Russian and Chechen officials' attempts to carry out an investigation were unsuccessful. The search for culprits conducted by the OSCE in the Chechen Republic was fruitless, as well.

The missing man's relatives demand that an official and more thorough investigation be launched. [video shows journalists, Cuny's relatives at a news conference]

Relatives Respond to FSB Report*LD1708170595 Moscow NTV in Russian 1500 GMT 17 Aug 95*

[Report by "Segodnya" correspondent Filip Trofimov]

[FBIS Translated Text] The relatives of Fred Cuny, the U.S. citizen who became missing this spring in Chechnya, today held a news conference in the Moscow Press Club. It was basically a response to the recent report in the press that certain sources in the Federal Security Service [FSB] think Cuny is alive and may at present be at Dudayev's headquarters within the scope of a mission he is carrying out. Cuny's son and brother called the FSB's suggestion a deliberate lie aimed at hiding the Russian Government's role in Cuny's death.

The search for Cuny, an active participant in humanitarian missions in different parts of the world, has already been going on for five months. Until recently no one was able to obtain reliable information about his fate and that of his companions — two Russian Red Cross employees and a female interpreter.

However, Cuny's relatives today announced that they had reliable information not only that he is dead but about the circumstances surrounding his death. They said that approximately (?one day) before the appear-

ance of Cuny's group in Bamut, special service agents arrived and were active in spreading disinformation about his role and views, which served as a reason for the arrest and subsequent shooting of the whole group by Dudayev's men.

However, in an interview with our television company, Craig Cuny, son of the missing American, refused to name the sources of his information, reporting merely that they are in Chechnya and Ingushetia.

Meanwhile the FSB has its opinion about Fred Cuny's fate:

[Begin Aleksandr Mikhaylov, head of the FSB public relations center, recording] We have no basis today to confirm that he has died, and we have no basis to confirm that he is alive. Confirmation that Cuny's trip to Chechnya was surrounded by some kind of campaign aimed at discrediting him in the eyes of the Chechen leadership has no basis at all. First, the special services had more serious and more respectable problems. Second, the problem of Cuny arose for the special services only after his disappearance. [end recording]

It seems as though this disagreement can be resolved only by finding the missing American, dead or alive.

Yeltsin, Gaydar Meet To Discuss Elections*LD1708121895 Moscow ITAR-TASS in English 1131 GMT 17 Aug 95*

[FBIS Transcribed Text] MOSCOW, August 17 (ITAR-TASS) — President Boris Yeltsin who has been holding a series of political consultations with leaders of parties and public moments today met the leader of the party "Russia's Democratic Choice" Yegor Gaydar.

The presidential press service told ITAR-TASS that the conversation between the President and the party leader was held in a frank atmosphere and lasted about 60 minutes.

Gaydar informed the head of state about his party's preparations for the December elections, the press service said.

Yeltsin Signs Edict on State Officials' Pensions*LD1708224295 Moscow ITAR-TASS World Service in Russian 1203 GMT 17 Aug 95*

[FBIS Translated Text] Moscow, 17 Aug (ITAR-TASS) — On 16 August, Russian President Boris Yeltsin signed Edict No. 854 "On Certain Social Guarantees for Individuals Holding Russian Federation State Posts and Positions as Federal State Employees."

The Edict states:

With a view to guaranteeing the protection of the social rights of individuals holding Russian Federation state posts and positions as federal state employees and until the relevant federal laws are adopted, I resolve:

1. To stipulate that individuals holding Russian Federation state posts and positions as federal state employees who have been released in connection with the termination of their period of office, or with dismissal from federal state service if federal bodies of executive power are eliminated or reorganized, or if the apparatuses of federal bodies of state power are streamlined, and also in connection with retirement on a state pension are entitled to a monthly supplement to the state pension determined in accordance with the Law of the RSFSR 'On State Pensions in the RSFSR' and the Law of the Russian Federation 'On Employment of the Population in the Russian Federation.'

Men who have 12 and 1/2 years of state service and women who have 10 years of state service are entitled to a monthly supplement to the state pension amounting to 55 percent of the monthly salary of the federal state employee. The supplement increases by 3 percent of the monthly salary of the federal state employee for every complete year of service above the length of state service stipulated by the present clause, but the amount of the pension and the supplement should not exceed 80 percent of his monthly salary.

2. The supplement to the pension of a federal state employee is calculated on the basis of his monthly salary, which in turn depends on the position he holds on his last day of federal state service or the day he reaches the age when he is entitled to a state old-age pension, according to the choice of the individual applying for the supplement to his pension.

The length of state service entitling one to a monthly supplement to the state pension is determined in accordance with the Federal Law 'On the Basic Principles of State Service of the Russian Federation.'

The size of the monthly supplement to the state pension is recalculated in accordance with the rules envisaged by Clause 1 of the present edict, if the monthly salary for the corresponding position of a federal state employee is increased centrally, or if there is an increase in the state pension that was taken into consideration in fixing the size of the monthly supplement. The monthly supplement to the state pension is recalculated from the dates stipulated for the change to the state pension.

The monthly supplement to the state pension is on application from an individual claiming a supplementary payment is to be fixed by a decision of the relevant fed-

eral body of state power or the head of the federal executive power body, in which the individual filled a state position prior to dismissal, or his legal successor. The individual in question and the members of his family are to retain the entitlement to medical and sanatorium vacation services that they had at the moment of their transfer onto state pension.

The payment of the monthly supplement to the state pension envisaged by this edict is to be made by the Russian Federation Ministry of Social Welfare of the Population in the way stipulated by the government of the Russian Federation.

3. To stipulate that individuals filling state positions as envisaged by the Combined List of State Posts of the Russian Federation, which was endorsed by Russian Presidential Edict No. 32 of 11 January 1995, 'On the State Posts of the Russian Federation,' and individuals filling positions as envisaged by the first and second paragraphs of Section 1, the first paragraph of Section 2, the first paragraph of Section 3, and the first paragraph of Section 4 of Part 1 of the Register of the State Posts of Federal State Employees, which was endorsed by Russian Presidential Edict No. 33 of 11 January 1995, are entitled to a monthly supplement to the state pension irrespective of the duration of their time in state service except for those individuals who are entitled under federal legislation to a pension for length of service or to medical and sanatorium vacation services in accordance with Clauses 1 and 2 of the present edict.

In this respect, the size of the supplement to the state pension is to be determined so that the amount of the pension and the supplement comprises 80 percent of the monthly salary of the individuals in question.

4. The government of the Russian Federation is to:

—adopt the necessary normative legal acts and measures to implement the social guarantees envisaged by the present edict;

—provide in the stipulated way for the allocation of funds for the monthly supplements to state pensions stipulated by the present edict.

5. The component entities of the Russian Federation and local self-management bodies are to be recommended to establish corresponding social guarantees, taking account of the provisions of the present edict and employing their own funds.

6. The present edict comes into force from the day it is signed.

Yeltsin Returns Continental Shelf Law to Duma*LD1708211995 Moscow ITAR-TASS in English
2041 GMT 17 Aug 95*

[FBIS Transcribed Text] MOSCOW, August 18 (ITAR-TASS) — Russian President Boris Yeltsin on Thursday rejected a federal law on Russia's continental shelf and sent it to the lower house for reconsideration. The law, passed by the State Duma on July 12, was submitted to the president for signing and promulgating on August 3, the presidential press service said.

In a letter to State Duma speaker Ivan Rybkin, Yeltsin said that the law, despite its advantages, contained notable drawbacks due to which it could not be considered finalised.

First of all, its provisions require careful matching with the existing generally recognised principles and norms of the international law and treaties to which Russia is a party, the letter said.

Yeltsin also brought in several amendments to the law aiming to fully guarantee Russia's interests in the open sea and more accurately define the country's liabilities before the international community.

Parallel to finalising the law on the continental shelf, it would be also appropriate to draft laws on other coastal seas, primarily on Russia's exclusive economic zone, the press service said in a statement.

Recent 'Forward, Russia!' Conference Detailed*MK1708114295 Moscow KURANTY in Russian
16 Aug 95 p 1*

[Report by Dmitriy Larin: "Afraid of Damaging Evidence? Bury It Deeper"]

[FBIS Translated Text] Seen against the backdrop of the turbulent events affecting all Russia early this week, a conference of the none-too-numerous "Forward, Russia!" sociopolitical movement would have remained in the background. However....

The movement's president, Boris Fedorov, can always give his opponents two or three surprises and send a reminder at a time when most politicians are on vacation: An election campaign, even the distant approaches to it, is no time to relax.

The president's report per se did not contain any special innovations. Its highlight was the possible candidates on the list of the "Forward, Russia!" movement. The Fedorov people hurried to add to the list the well-known follower and confederate of Arkadiy Volskiy, "red entrepreneur" Aleksandr Vladislavlev.

Aleksandr Pavlovich [Vladislavlev], who in the past was elected a people's deputy of the USSR from the USSR Union of Engineering Societies, actively advocated the Chinese road to development and was at serious odds in this connection with the Gaydar team as a whole and with its individual members, including the former finance minister, Boris Fedorov.

Even more sensational was Fedorov's statement to the press, which in polite but absolutely definite terms said that the movement's very name implied active aggressive actions, for which reason it was not going to pass over the things the president described as opponents' errors and individual sins. The threat to use damaging evidence against opponents in the election campaign came loud and clear. As is its wont, the first to react was the Zhirinovskiy headquarters, which promised to make public all "the intrigues of the democrats" and the use by them of election funds over and above the limits set by the law. However, we already heard this tune two years ago — only at the decisive moment, all parties, blocs, and associations unanimously agreed "not to stir up forgotten details."

Opposition Bloc Names Top 2 in Election List*LD1708165595 Moscow INTERFAX in English
1231 GMT 17 Aug 95*

[FBIS Transcribed Text] MOSCOW, Aug 17 (INTERFAX) — Former deputy prime minister and chairman of the State Property Committee Vladimir Polevanov, the leader of the New Russia movement, and paratrooper commander Yevgeniy Podkolzin will be at the top of the For Motherland opposition bloc list in the parliamentary elections next December, Polevanov said at a news conference in Moscow Thursday.

He said that General Podkolzin has agreed to be included on the list. Polevanov said that a third top candidate has not been nominated. He explained that a final list will be made at a convention to be held in Moscow on September 2-3.

Polevanov said that the bloc wants to launch a new economic and political deal for the country.

In his words, the bloc includes numerous trade unions, representatives of all organizations of Afghan war veterans, the People's Patriotic Party and numerous other organizations.

Polevanov said that For Motherland expects to win 10%-12% of the vote.

All-Russian Officers' Assembly Holds News Conference

LD1808105195 Moscow Russian Television Network in Russian 1900 GMT 17 Aug 95

[From the "Novosti" newscast]

[FBIS Translated Text] The first news conference by a new organization, the All-Russian Officers' Assembly [Vserossiyskoye Ofiterskoye Sobraniye], was held today at the Izmaylovo hotel complex in Moscow. [video cuts to report by correspondent R. Safronov]

[Safronov] The All-Russian Officers' Assembly intends to revive Russian army traditions and will make use of the legacy of the Soviet period, said Colonel-General Vladislav Achalov, chairman of this public organization, today. [video shows Achalov addressing a news conference]

In the words of Valentin Varennikov, honorary chairman of the assembly, their main tasks will be to strengthen the armed forces, to help the Defense Ministry work out the military doctrine and in educating soldiers, and to fight against the destruction of the army and the military-industrial complex and against conversion in its ugly form.

The organization was set up on the initiative of the Russian National Assembly, [Stanislav] Terekhov's Officers' Union, and some other organizations. Among its members are retired officers as well as officers on the active service list and the reserve.

Meanwhile, the documents of the Officers' Assembly are in obvious confrontation with current policy. They advocate a change of the regime. They also include demands such as a ban on the sale of land and on the export of equipment abroad, and also call for the revoking of international treaties which are unfavorable for Russia. [video cuts to show V. Varennikov, honorary chairman of All-Russian Officers' Assembly, identified by screen caption, addressing a news conference]

[Begin Varennikov recording] We should take up a position which will guarantee our future. And there is no future in the current policy. [end recording]

Vladislav Achalov called on the opposition to unite. He gave to understand that the officers have their own election plans and said they are ready to cooperate with [Gennadiy] Zyuganov [leader of the Communist Party of the Russian Federation], [Yuriy] Skokov [leader of the Union of Russian Communities], [Sergey] Glazyev [leader of the Accord for Russia patriotic movement], and [Vladimir] Zhirinovskiy [leader of the Liberal-Democratic Party of Russia]. It is symptomatic that, of the opposition leaders invited to the Officers' Assembly,

only Gennadiy Zyuganov turned up. [video shows Zyuganov in the audience]

Terekhov was not present at the news conference. Instead, Marshall of Artillery Mikhalkin and former Defense Minister Dmitriy Yazov came. It seems the time of radicals has passed and more influential figures are needed to unite the officers' corps.

'Radical' Communists Form Bloc Left of CPRF

MK1808074695 Moscow SEGODNYA in Russian 17 Aug 95 p 2

[Report by Viktor Khamrayev: "One More Bloc Added to the Two Undecided Communist Electoral Blocs. Anpilovites Have Started Election Consultations With Sergey Baburin."]

[FBIS Translated Text] Russian communists, in all likelihood, are not going to unite in a single bloc. No other conclusion could be drawn from yesterday's press conference held by the leaders of the radical communists: Viktor Anpilov (the "Working Russia" movement and the RCWP [Russian Communist Worker's Party]), Yuriy Terentyev (RCWP), Anatoliy Kryuchkov (RPC [Russian Party of Communists]), and Aleksey Prigarin (RCP-CPSU [Russian Communist Party — Communist Party of the Soviet Union] and UPR [Union of People's Resistance]). Only Sazhi Umalatova (UPR) was missing.

The triple bloc set up by them and named "Communists — Working Russia — Union of People's Resistance" has apparently given up all hope of uniting with Gennadiy Zyuganov's "Communist Party of the Russian Federation" [CPRF] bloc. Journalists, however, were assured that "consultations are well under way." Anatoliy Kryuchkov pointed out that the radicals, prepared for all sorts of compromises, still cannot accept the tough and even "humiliating" conditions, as Mr. Kryuchkov described them, proposed by the Zyuganovites.

According to the leader of the Russian Party of Communists, the CPRF agrees with the unification, if the CPRF platform becomes the electoral platform of the united bloc; if all parties that join refrain from interfering in the making of the party ticket, leaving that responsibility to the Zyuganovites; and if the quotas (out of the potential seats won in parliament) for the members of the bloc are determined by the CPRF itself, which later will name the radicals allowed to occupy the seats.

Yuriy Terentyev, the RCWP secretary, believes that to agree to such conditions would mean for the radicals the "betrayal of their adherents and electorate." The reason for the intractability of the Zyuganovites is seen by Mr. Terentyev in the fact that "the CPRF's head is

turned to the right — toward the agrarians, the patriots, and the center-left." To counterbalance that, the radical communists, Mr. Terentyev hopes, will unite in their bloc all those who are "more left than the CPRF." At the same time Mr. Terentyev is far from believing that communists, despite all the differences among them, will embark on an election attack aimed at "mutual destruction." The hopes of the RCWP are justified by the fact that a compromise has been achieved at the level of the primary and regional party organizations.

The radicals told the journalists that, striving to align with all those discontented with "the course of economic reforms," they are not limiting negotiations to "the communist spectrum." Mr. Terentyev refused to give "the addresses" of the talks, alleging that "it is a secret so far." He said, though, that Sergey Baburin's National Union showed interest in the "Communists — Working Russia — Union of People's Resistance" bloc.

Meanwhile, according to information received by SEGODNYA from the Central Electoral Commission, "the Union of Communists," which considers itself the most radical of the communist parties, has registered a separate electoral association. A third communist bloc has been launched.

KGB Bodies Said To Play Role in Elections

MK1708142495 Moscow OBSSHCHAYA GAZETA in Russian

No. 33, 17-23 Aug (Signed to press 16 Aug 95) p 1

[Article by Rodion Morozov: "Barsukov — Reviver of the Special Services"]

[FBIS Translated Text] According to mass media reports at the end of last week, the "Alpha" group followed Colonel General Mikhail Barsukov to become part of the Federal Security Service [FSB] structure. This development in actual fact is only the tip of the iceberg.

The edict on resubordinating "Alpha" to the FSB was signed by the president as early as 2 August — a classified edict, of course. Also at that time, Barsukov summoned the group's personnel and gave them the gist of it. None of the members voiced dissatisfaction.

All the more so because the presidential edict was fully in line with the spirit of the decision of the Security Council, which gathered to discuss the Budennovsk tragedy, to create within the FSB structure a united Center on Combating Terrorism and Organized Crime — although there was hardly anyone who expected the decision to be acted upon so swiftly. OBSSHCHAYA GAZETA has come to learn from militia sources that the issue of resubordinating the "Vega" group ("successor" to the KGB First Main Directorate's special anti-

subversion subunit) to the FSB is also considered to be practically decided — the only difference being that "Vypel" was intended for carrying out special measures outside the country. It is unknown so far what sort of relationship both special subunits will have with the FSB's Directorate of Special Operations — whether they will join it as directorates or will operate on an equal footing. There are also other grounds to believe that the system of this country's state security is being rapidly revived. Barsukov's coming to Lubyanka has spurred the process of recreating the investigation directorate scrapped in the past "for lack of use." They have begun talking about returning border guards to the state security organs' fold, which is possible in the event that the current head of the Russian Federation FPS [Federal Border Service], Andrey Nikolayev, moves back to the Defense Ministry he once left.

An uneasy animation reigns in the FSB in connection with these changes: on one hand, regulars cannot help welcoming the first steps of their new boss in view of their obvious professional expediency. On the other, a small "purge" is expected. A number of high-ranking persons have already been received by Barsukov. The others, whom he neglected for some reason, remain worried.

Furthermore, the ex-head of the GUO [Main Protection Directorate], who has gone at his new job with gusto and has temporarily eclipsed the "person in attendance," Aleksandr Korzhakov, this does not signify at all that the Presidential Security Service head remains passive. According to sources in the Russian Ministry of Internal Affairs [MVD], a plan is closer to realization than ever before to create under the auspices of the Security Service a special service consisting of the three Main Directorates: the Security Service proper, the GUO, and the Russian Federation MVD Main Directorate on Organized Crime [MDOC] which, if the president should after all confirm Mikhail Yegorov's resignation, is threatened with being pulled apart by other militia directorates — in which connection the men in the MDOC itself do not reject the idea of being resubordinated to Mikhail Vasilyevich [Barsukov]. Quite the opposite. It is a well-known fact that the Main Directorate today has the most complete data base on organized crime and corruption (hence, damning evidence). Its other asset is a network of rayon directorates on organized crime covering all of Russia. There is no need to say how valuable all this is for the Presidential Security Service.

In a word, the prospects opening up at the start of the election race are impressive. Most certainly, to strengthen state security structures per se is a necessary thing. It took razing them to the ground to realize: the state cannot exist without powerful, professional special

services. The trouble is that there is too obvious a connection between their "revival" and the start of the election campaign. Boris Yeltsin's chances to win in the coming elections are close to zero. In the meantime, the "president's men" clearly do not intend to part with power. The struggle for political survival is going to be tough, and which role, in accordance with the plans of "Kremlin" analysts, the resurgent special services are supposed to play in it is not hard to guess.

Parties Representing National Patriots Detailed

LD1708150895 Moscow ITAR-TASS in English
1301 GMT 17 Aug 95

[By Lyudmila Aleksandrova]

[FBIS Transcribed Text] MOSCOW, August 17 (ITAR-TASS) — A considerable number of parties and blocs will seek the support of national patriots during the present election campaign and there will be acute competition. National-patriots were represented virtually by one party, Vladimir Zhirinovskiy's LDPR [Liberal Democratic Party of Russia] in 1993. Now this part of the potential electorate assessed by experts at 15-20 per cent of the poll will be claimed by several blocs.

All Russian organisations that have national-patriotic ideology and favour a strong state can roughly be split into three groups: the left, the right and the right extremists. At times it is difficult to distinguish between these groups. The left national-patriots, that is, those who favour strong power and combine nationalistic ideas with elements of socialist ideology and nostalgia for the past are the Congress of Russian Communities, led by Yuriy Skokov and Aleksandr Lebed, the election bloc "Power to the People" (Vlast Narody) which is headed by leader of the Russian All People's Union Sergey Baburin, former USSR Premier Nikolay Ryshkov and leader of the Union of Officers Stanislav Terekhov, as well as the members of the once powerful National Salvation Front which so far intends to act on its own.

All the three organisations intend to participate in the elections. Perhaps, it is only the Congress of Russian Communities which merged with the Socialist Party of the Working People and part of Democratic Russia that stands chances of putting its members in parliament. The Congress of Russian Communities so far looks as a potential ally of communists and agrarians in the Duma and puts up competition at the elections to LDPR and "Derzhava" (Superpower) of Aleksandr Rutskoy.

The LDPR and the socialist movement "Derzhava" are classed with the right-wing national-patriots, or, plainly speaking, anti-communists. Former Vice-President Aleksandr Rutskoy makes special emphasis on anti-communism in his propaganda.

Nobody doubts that members of the LDPR will win seats in the parliament. True, most experts now believe that Zhirinovskiy's party will earn this time fewer votes than in 1993 also due to the fact that it has rivals in the national-patriotic camp. There is uncertainty about the destiny of "Derzhava". Many analysts believe that Rutskoy's movement will be unable to put its deputies in parliament. Aleksandr Sterligov's Russian National Assembly can be classed with the right-wing, but it is yet unclear in what form it will participate in the election.

And, finally, there is a group of highly active extremist parties and national patriotic orientations, although they are not very large. Aleksandr Barkashov's Russian National Unity commands special attention. Experts do not rule out that members of Barkashov's party will be able to put several candidates in one-seat constituencies. The same applies to Nikolay Lysenko's National Republican Party which announced the intention to participate in elections on its own.

Apparently none [as received] other national-extremist organisations can claim places in the Duma. Perhaps writer Eduard Limonov may try to run in some constituency.

So the main competition for voters sharing the ideas of patriotism and strong power will be among the LDPR, the Congress of Russian Communities and "Derzhava".

If all these organisations are able to bring their deputies into parliament, this will not mean that the Duma can form a stable national-patriotic majority. Neither the Congress of Russian Communities nor "Derzhava" will be merging forces with the LDPR, and even accord among them is unlikely.

Postsocialist Development, Elections Viewed

MM1608120795 Moscow ROSSIYSKAYA GAZETA
Weekend Edition in Russian 12 Aug 95 pp 2,3

[Article by Political Scientist Aleksey Kiva: "Will the Supporters of Democracy Lose the Parliamentary Elections?"]

[FBIS Translated Text] "A politician must be able to predict what will happen tomorrow, next week, next month, and next year, and then explain why it did not happen." (Winston Churchill)

A lot of water has flowed under the bridge since certain leaders of the Russian democrats (reformers) drew the conclusion that their defeat, or to put it more mildly, their modest successes as compared with what they were expecting, at the parliamentary elections in December 1993 were the result of tactical errors. At that time it

was maintained that in order for the democratic forces to win at the next elections they would have to distance themselves from the democratic authorities, who were conducting reforms which were unpopular among the people. And not only distance themselves but also take up a critical stance in respect of them. It was then that the concept of the "democratic opposition" was born, in contrast to the "hard-line opposition."

It was obvious from the very outset that these tactics were erroneous. First of all because the fall in the democrats' influence did not depend on tactics, or at least not as much on tactics as on far deeper reasons. On the very difficulty itself of postsocialist reform, and in a country like ours to boot. And on the mistakes made by Yegor Gaydar's team, primarily in the social sphere.

The very logic of social development puts forward a different type of reformer. A less radical one. Less revolutionary. More reflective and practical. More inclined to take the interests of the majority into account and seek compromises. More capable not just of breaking with the past but also taking from it things that may work in the present and the future. In practical terms this has been outlined in the swing of the political pendulum from right to left, and the coming to power of forces of a socialist-democratic persuasion in the majority of Europe's postsocialist countries. Former communists, as a rule, accept the basic rules of the game introduced by their liberal predecessors, and do not threaten either democracy, or market relations, but lend the course of reform a more expressed social thrust. That is, they are doing what is objectively dictated by the logic of progress itself.

Second, the tactics of "being reborn into a 'democratic opposition'" were erroneous because they did not take Russia's special features into account. That is, its past, its traditions, the nature of its political culture, and so on. In other words, it was not taken into account that, in the absence of democratic traditions, but with a strong presence of bolshevism in the political culture, the "democratic opposition" would keep manifesting itself as a "hard-line opposition," which is in fact what has happened. As a result, on the eve of the elections we have a fairly complex situation in which it is sometimes difficult to understand who is fighting for what, who is fighting whom, who is really a democrat, and who just thinks he is.

Democracy, But Without Power

As Yegor Gaydar noted correctly, the conflict between the ruling and nonruling Russian democracy has been coming to a head for a long time, and the Chechen events were the catalyst. I believe that the seeds of this conflict were sown when Boris Yeltsin turned from

being a member of the opposition into the top official in the new Russia. And these seeds sprouted abundant shoots practically as soon as the "power of the soviets," which had been the main target of the democrats' fight, disappeared. Russian democracy has been in existence for a very short time, but already it has managed to give rise to several conclusions.

First conclusion. The Russian intelligentsia, as the main bearer of democracy (primarily the creative intelligentsia, and not just creative, but liberal and Western-oriented) moves into opposition to the democratic power. It moves there for a long time. In practice, forever. Essentially it is returning to the customary place inhabited by the Russian intelligentsia when the status of being in the opposition is legal or permissible. And while our intelligentsia exists as a special world phenomenon it will not come out of opposition. Only intellectuals in the Western sense can find partnership relations with the authorities. That is, people who are unlike the Russian dreamer but who are pragmatic, do not claim any special role in society, and earn their daily bread by intellectual work.

Second conclusion. This section of the intelligentsia comes into conflict not just with the authorities but also with the objective course of history. That is, what it wants — rights and freedoms for the individual, while ignoring state and national interests; guarantees for these rights and freedoms without a strong state, without due personal responsibility and strict observance of legality, order, and so on — is impracticable.

Third conclusion. The Russian liberal democrats as a phenomenon, rather than as their individual representatives, have proved incapable of building a democratic society. This is hindered by their resolute reluctance to face realities, their disrespect for the authorities and the law, their desire to have it all now. Hence the complex of lost illusions, the search for those who "betrayed" the democratic revolution. Hence the uncritical attitude toward themselves and the age-old "Russian questions": "Who is to blame?" and "What is to be done?" The major Western thinker who claimed that the problems of democracy in postsocialist Russia are the problems of the Russian intelligentsia is right.

Fourth conclusion. Irrespective of the tremulousness with which we greeted those who started the reforms, our subsequent movement forward is directly connected with their departure from the political proscenium. A departure if not forever, then for a long time at least. Until the social and economic conditions, the nature of the mass consciousness, the type of political culture, and so on change radically. And this means at least two generations. The whole point is that the post-

Soviet liberals who have acquired a disproportionately strong social influence on the crest of the anticommunist revolution have not just cast themselves adrift from their home shores, they have set sail on a stormy political sea in the rickety little boat of limited liberal and quasiliberal values, leaving behind on the mainland everything by which Russia has lived for centuries. Including values such as statehood, patriotism, justice with the emphasis on its social aspects, the state's military might, and so on. They have lost sight of the fact that the idea of democracy and freedom has never been the dominating one in the popular consciousness.

Another conclusion, but not the last.... If you do not shut your eyes to reality, then you must admit that democracy is least of all suited to solving problems in the phase of an exceptionally critical transition from the previous statehood and social system to new forms of life, and that authoritarian trends are intensifying in society. It is possible that we are currently experiencing the high point of democracy, and each new ruling power will be less democratic than the current one. Things will continue this way until the postcommunist existence takes root, until the objective preconditions for democracy whose deficiency we perceive at every step are formed.

If the democratic intelligentsia were less emotional but, instead, as rational as possible, then it would perceive that now is the time to fight not so much for the deepening of democracy as for its consolidation, for the preservation of what has already been achieved. The main thing is to maintain the strategic course of the reforms. But since there is no understanding of the situation, and representatives of the "progressive intelligentsia" are claiming that "we have returned as if by the wave of a hand to the worst times of the communist regime...", and are even demanding the impeachment of the president, then there appears to be nothing to maintain. Since there is no democracy and we live under a "reactionary totalitarian regime" there is only one solution: to fight the regime.

That is why I believe that the intellectuals who call themselves democrats but who are capable of spreading, via the mass media, claims that are so absurd and bereft of any logic whosoever are absolutely unfit for building democracy. Instead of what is "reasonable, good, and eternal" they are sowing nihilism in society, objectively helping the Communists and the nationalists in the fight against those who are really involved in advancing market reforms and strengthening democratic institutions.

Every Cloud Has a Silver Lining

The divorce between the democratic intelligentsia and the democratic authorities has also had its definitely positive side. It has stimulated the process of the profound regrouping of political forces. We are finally beginning to resemble a normal society in which there are organized political forces in the center and on the flanks. Before this, the political center in our country was sagging. Essentially, the crisis in the democratic camp is not so much the result of the inflexibility of the leaders (Ye. Gaydar, G. Yavlinskiy, B. Fedorov), as a crisis of the genre itself. There is a fight going on for the very same voters, who are, furthermore, melting away as the structuralization of society proceeds.

In our view, the organizations headed by the aforementioned leaders are the product of the previous phase in the struggle and do not represent any long-term trends. Indeed, what social forces with any prospects are to be found behind "Yabloko," for instance? We will not find an answer. The same goes for the other members of the "trinity."

At the same time, standing behind Viktor Chernomyrdin's "Russia Is Our Home" bloc are those forces in society that are capable of ensuring economic progress for it. These are financiers, entrepreneurs, administrators, managers, technocrats, and so on. If Russia is destined to make the breakthrough to a postindustrial society, then this will be linked specifically with these types of forces, which are also capable of attracting Western capital, technology, and so on into the country. I think that even the most desperate Communists must understand that Russia is doomed to vegetate if it isolated from the world community.

Ivan Rybkin's "My Fatherland" bloc, which emerged only painfully, also reflects a certain historical trend of development. Objectively it may respond to the clearly manifested pattern in the European postsocialist countries to the leftward swing of the political pendulum.

It must not be thought that the political pendulum will stand still for ever and ever. After a while, it will start swinging to the right just as naturally as it started moving to the left, and then the "right-wingers" will be able to replace the "left-wingers" because the dissatisfaction within the masses at the course of the reform will doubtless continue — the transitional phase from an unnatural system to normal forms of life is too arduous and lengthy. And with us the "right-wingers" will most likely again be those who are in Chernomyrdin's bloc today. Although not necessarily. Maybe it will be something more in the center [nechto sredneye].

And the renewed Congress of Russian Communities, headed by Yuriy Skokov and General Aleksandr Lebed, not counting Dmitriy Rogozin, reflects the undoubtedly objective trend of Russia's post-Soviet, postsocialist development. If we had not been the second great world power, which suddenly collapsed, having given rise to a multitude of bleeding problems, then the change of system in itself would have been less painful, and we would not have objective reasons for reviving interest in the Russian national idea. This type of bloc really could become a "center" ["sredniy"] bloc.

From de Gaulle to Pinochet

A type of democracy and democrats (reformers) of a higher order are coming to take the place of "naive democracy." Before our very eyes Viktor Chernomyrdin is turning from a sturdy economic manager of Soviet mettle into a major and astute politician. If he passes the Chechnya and parliamentary elections tests, then you can consider that we have here one of the most likely presidential contenders. I do not understand it when people say that Yeltsin's entourage is worried by the growth in Chernomyrdin's popularity. They should be afraid of a growth in Yavlinskiy's popularity or Lebed's popularity. Those two would really start to irritate everyone in succession. Even if Yeltsin does have a realistic chance of reelection, there should nevertheless be a prestigious politician nearby capable of backing him up.

Equally interesting is the figure of Ivan Rybkin. In my mind, he is one of the most promising young Russian politicians. Essentially Rybkin is a politician of the new type, and we do not have many of them. When he formed his bloc he was not hasty, he did not fuss, and he gave the passions over the creation of two new blocs an opportunity to die down. Without at the same time forgetting that he is the State Duma speaker. Accordingly, he did not exacerbate relations with the Agrarians but all the time stressed his desire to go to the elections with them, with "Women of Russia," and with all those who appreciate him as a politician. After all, it is the electorate that is important rather than the parties themselves — and particularly their leaders.

Compared with Rybkin, Gaydar really looks like a "schoolboy in short trousers." It seems to me that the Duma speaker is deliberately distancing himself from figures from the "Gorbachev era," although these would seem to be close to him in their views, and from all those who look like offensive figures in the eyes of many voters.

Let us note that this is mature politics and not the childish prattle of Messrs. "Democrats" Ponomarev, Starovoytova, and Yakunin about the impeachment of

the president. Putting Boris Gromov second on the federal list of "My Fatherland" was also a considered step.

Our liberal democrats did a good job on their political opponents and competitors by reviving General Gromov's former popularity and creating a halo around General Lebed where there was virtually nothing before. Personally I have no prejudices against either, they seem to me to be more honest and decent than certain civilian politicians. But if there is not enough democracy in liberal democracy under Yeltsin, then they must realize that if the situation in the country deteriorates, the chance of a military man winning at the presidential election will increase sharply. And, as far as Lebed is concerned, he is suited to the role of both a "Russian de Gaulle" and a "Russian Pinochet."

What Can We Expect in December?

The results do not promise to be brilliant for the "old" democratic parties and blocs. Yabloko will almost certainly break through into parliament on the federal list, although by no means with the expected results. At the same time, the prospects for the parties of Ye. Gaydar and B. Fedorov are highly problematic. Furthermore, the Communists' chances will increase, but, in view of the emergence of new blocs, not as much as was presumed until recently. For the same reason, the Agrarians' chances too are not as guaranteed as they had seemed earlier. V. Zhirinovskiy's electorate will no doubt "dry up." The bloc which Gen. A. Lebed belongs to could steamroller it if it organizes its election campaign intelligently.

"Women of Russia" will also have problems, although they still have a chance of surmounting the 5 percent barrier. The chances of A. Rutskoy's "Derzhava" party can be assessed as insignificant. And the camp of the overt nationalists and national-patriots is altogether unremarkable both in terms of its organization and the presence of leaders capable of rallying their own ranks or attracting the electorate to their side. Again, the Lebed factor may play a role here. However, if the forces behind A. Rutskoy, A. Sterligov, S. Baburin, P. Romanov, and others unify, then the situation may change. It will change all the more if a new version of the "left-right opposition" emerges, although no signs of activity are observed here at present.

Finally, the new blocs may make a big breakthrough to the electorate, including the passive electorate. In favorable conditions, Chernomyrdin's "Russia Is Our Home" may obtain 20-25 of the electorate's votes, and 10-15 in less favorable conditions. The problem is that the bloc could fail at the elections if the policy

of the government headed by Chernomyrdin fails for some reason, and the democrats of the "first wave" will attack the candidates from this bloc with all the might of the democratic mass media, instead of fighting the communists and the nationalists for seats in parliament. But that is the worst of the possible options, and though theoretically possible, it is unlikely in practice.

Rybkin's bloc may claim 10-15 percent or more of the electorate's votes. A great deal will depend on the strategy of the election campaign and organizational work. The Congress of Russian Communities can count on the same given the same conditions. More if someone can, on the one hand, win some votes from the "Zhirinovskiy-ites" and the "Derzhavniks," and on the other hand win the trust of those who have stopped voting and in one way or another have suffered from the collapse of the USSR.

By and large, in order to draw conclusions about Russia's postsocialist development, including the possible results of the parliamentary elections, you should arm yourself with the formula proposed by Churchill: A politician must be able to predict what will happen tomorrow, next week, next month, and next year, and then explain why it did not happen. But there are several months left before the elections, and we have the possibility to make our predictions more precise.

Political, Transportation Officials Interviewed

LD1708210395 Moscow INTERFAX in English
1952 GMT 17 Aug 95

["Exclusive" report No. 33 of 134]

[FBIS Transcribed Text]

YELTSIN "QUITE NEUTRAL" IN ELECTORAL RACE

So says Andrey Loginov, head of the department dealing with political parties and parliamentary groups in the president's headquarters. He is interviewed by INTERFAX.

INTERFAX: The next December parliamentary elections will dominate the country's political life in the coming months. Numerous people want to know how consistent the president will be who has repeatedly said that he has no personal political preferences. Do you think that he stays neutral?

LOGINOV: Absolutely. True, this does not hold for political radicals. His recent decree on fighting radicalism, notably fascism confirms his rejection of political radicalism and extremism.

Q.: One feels that these steps do not work...

A.: This is a different story. Indeed, the law enforcement agencies fail in carrying out the decree. I believe that the public will take note of this. Furthermore, a united anti-fascist committee has been set up. Preparation is underway for an anti-fascist congress in Moscow which will scrutinize the working of this decree.

Q.: Should the decree take care also of other kinds of extremism, notably religious, such as Aum Shinrikyo?

A.: Such groups are covered by the term political extremists. Aum Shinrikyo has to be attended to by the Council for Religious Associations in which Anatoliy Krasikov is the secretary. The council incorporates the hierarchs of various churches and denominations. None of them can chair the council permanently and so the chairmanship will be rotated.

Q.: Can one say definitely that the president gives no direct support to, say, the Russia Is Our Home bloc?

A.: At least in his activities the Russian president will not support any part of the political spectrum.

On the other hand, the elections, a most exacting test of society's democratic institutions, cannot escape the president's attention. Because he is the guarantor of democratic continuity of authority in the state, his administration gives its closet attention to the elections, both through the Central Election Commission (and so you should approach its chairman Ryabov) and by urging people to vote.

I believe that this work is important because most supporters of, say, the Liberal Democrats do vote while those who support, say, the centrist and think in rational terms do not, as a rule.

We want to involve more citizens into the democratic, constitutional change of the elected authorities.

Q.: Are the president's decrees on transfer of the Security Service into the president's headquarters consistent with his neutrality and impartiality?

A.: I think they do. To say the least, this step overcomes numerous contradictions. The Russian Constitution mentions headquarters and does not mention a security service. In effect, this step contributes to the construction of a law abiding constitutional society.

Q.: Some observers do not see logic in making the head of the service subordinate to the president...

A.: I think that this step is quite logical. Security issues must be tackled in direct contact with the president. For instance, the defense and interior ministers have a direct contact with the president through the National Security Council. Can a defense issue be handled in the way

the issues facing the Culture Ministry or the Medical Industry Ministry are? As long as the state is looking after security and protection from terrorists or external attack, these ministers will have a direct contact with the head of state.

Q.: Can one say, as certain politologists do, that this is another step towards the consolidation of the presidential power?

A.: By no means. This is a step towards streamlining the administration. The Security Service is not expanded and its functions do not change. The presidential decrees do not make it superior to other departments of the presidential headquarters. The reverse is true, the decrees put the house in order.

The decrees resolve numerous issues. The president's Security Service personnel must feel they are civil servants. The presidential headquarters is a state body. As I said, it is mentioned in the Constitution and covered by legislation on civil servants.

Q.: What do you think of the electronic counting of votes? Can the Central Election Commission' impartiality be guaranteed?

A.: Ryabov is a better authority on the guarantees.

We, for our part, intend to enable the Public Chamber reporting to the president and the local public chambers to cooperate actively with the election commissions on every level in preparing for and running truly democratic elections.

We regard this cooperation a major tool of glasnost, openness, fairness and smoothness in the electoral race. We are aware of the fact that any abuse will cast a shadow on the entire race. We will do our utmost to prevent this and to make the whole process as open as it possible can be.

On the other hand, I do not think it is fair to stir up passion and make the Central Election Commission into a kind of enemy of democratic elections.

Nothing can be farther from the truth. The commission's personnel are all competent professionals.

Q.: What can you say about Vladimir Zhirinovskiy's campaigning?

A.: Nearly all the political groups which will run for parliament have the June 1996 presidential elections in mind. I will not evaluate Zhirinovskiy's or anybody else's chances. Forecasts is not our function. I do not believe that the December elections will spring any surprises on us. Today we can say that the power will be shared between 7 to 10 blocs and parties. No party

of bloc seems to be able to win more than 20% of the votes.

Q.: The probability of Yeltsin running for presidency seems to vary with his political activity, doesn't it?

A.: It will vary until the candidates are put up? I can only say that we make no secrets about it. When they talk to journalists, both Filatov and Ilyushin say that we work as if the presidential headquarters is prepared to take part in the election but nothing more than that.

Q.: To run or not to run for presidency is probably up to the present head of state alone, isn't it?

A.: Yes, nobody but himself can be sure about this.

RUSSIAN AIR TRANSPORT IN 1995: STRATEGY OF PRIVATIZATION, EMPHASIS ON MODERNIZATION

The Air Transport Department of the Russian Ministry of Transportation has compiled its forecast for the air transport for the end of this year and the beginning of the next.

Its Deputy Director for Economy and Management Valeriy Kasyanenko answered questions from INTERFAX:

INTERFAX: What assumptions and factors form the core of the forecast?

KASYANENKO: First of all we took into account a certain slowdown in inflation and stabilization of the domestic air transportation market, the growth of international flights, the relative social and political stability in Russia, the appearance of agreements with CIS countries on different aspects of transportation by air.

Q.: What is your forecast for passenger and cargo flights?

A.: The volume of passenger transportation is estimated at 75 billion passenger-kilometers (20 billion on international lines and 55 on domestic) which coincides with the 1993 level and exceeds the 1994 figure by 3.3%.

We plan to carry 33 million passengers: 5.4 million on international lines and 28 million on domestic.

International transportation will continue to grow fast thanks to the opening of new air lines on the basis of international agreements, the expansion of the number of air lines receiving licences for international transportation, the recognition of several Russian airports as international. The total volume of international air transportation is forecast at 22 billion passenger-kilometers or about 10% more than in 1994.

The development of the market of air operations and cargo transportation will largely depend on the wealth of clients, primarily in agriculture and the timber industry as well as geology. In the absence of clear guidelines in these spheres the forecast is based on last year's figures: 1440 million ton-kilometers and 3000 thousand hours.

Proceeding from forecasts of flights and inflation rates the tariffs are to grow 90% to 375,000 rubles on the average.

Q.: What can you say about the financial position of air companies?

A.: We predict a certain stabilization of their financial position, primarily big air lines making international as well as domestic flights. As operations (65% of transportation is conducted by big companies) are expected to grow, so will incomes, if spending remains balanced — companies intend to cut down on production costs.

On the other hand the financial position of medium and small air lines will remain difficult while air lines in the Extreme North are the main bankruptcy candidates.

Q.: What is the cause of the insolvency of air companies?

A.: Scattered resources, lack of balance as well as high maintenance costs in the Extreme North are the main causes. The forecasted losses in those regions total 430 billion rubles.

Q.: How do you plan to stop losses?

A.: The department suggests legislative and administrative decisions on increasing air companies and the surrender of small airports to the local authorities. Besides, I think air companies should be offered a number of tax breaks: airfields, air ports, navigation facilities should be freed from the land tax and air companies from local taxes on health and education because they offer similar services.

On the whole the forecasted total profits in air transport are 738 billion rubles which means an average 4% profitability rate.

Q.: How will the profits be used?

A.: We plan to spend them mainly on taxes, the repayment of bank loans, partial payment of other debts and on social programs.

Q.: What is the forecast for investments and federal programs?

A.: In 1995 the main investments will be in purchases of aircraft of a new generation — Ilyushin-96, Ilyushin-114 and Tupolev-204, the construction and reconstruction of landing strips for the regular and safe use of new

types of planes, hangars for maintenance services of new equipment, international air terminals.

8789.4 billion rubles are to be spent this year on investments, 8506.8 billion of the sum on production facilities.

5.2 trillion rubles will be spent on new aircraft.

Q.: How will the introduction of planes of a new generation benefit you?

A.: Through saving fuel new planes will allow to reduce tariffs. Their use on international flights will increase foreign currency returns.

For instance, the use of an Ilyushin-96-300 on the Moscow-New York route should bring in additionally \$23 million.

The aircraft to be purchased during this period should save a total of 1122.4 thousand tons of fuel which with the average world price of \$300 for one ton saves \$356 million. I can compare this to additional currency returns to the country.

The purchases of new equipment will help preserve the unique scientific and technical potential of the aerospace industry and guarantee jobs to 380,000 people.

3.3 trillion or 40% of investments will be on ground facilities.

Q.: What facilities are you planning to commission in 1995?

A.: In 1995 landing strips are to be commissioned in Syktyvkar, St. Petersburg, Nizhny Novgorod, Yuznosakhalinsk, Sheremetyevo (Moscow) and airports in Sochi and Blagoveshchensk.

Q.: What are the sources of investments?

A.: 27% or 2.37 trillion rubles should come from the companies themselves — mostly from depreciation funds. Companies can hardly use other sources such as profits which will be mostly spent on the repayment of loans and on social programs.

For this reason the air transportation program will require government support to the tune of 6.35 trillion rubles: 4.41 trillion from the federal budget, 1.94 trillion as an investment loan for the purchase of aircraft equipment.

Simultaneously a financial network is to be set up on the basis of Aeroflot Bank for forming non-budget sources of financing air transport.

Q.: What is your forecast for institutional transformations in your sphere?

A.: By the end of 1995 about half of the operating companies will be privatized and their share in operations will exceed 70%.

The strategy of privatization of air companies and facilities is as follows:

- to attract additional investments on a competitive basis to stop the decline in transportation and increase the efficiency of production and the safety of flights,

- to keep sufficient volumes of air services in areas where auto and rail transportation are unavailable,

- to create conditions for market relations through structural transformations, including the division of air transportation companies into air lines and airports, the surrender of small airports to the local authorities, to update the mechanism of self-financing which would guarantee the reproduction of high tech production in conditions of the coexistence of different forms of ownership.

Efforts will continue to promote small business.

By the end of 1995 small businesses in the industry should grow in number to 300 and offer 3.5% from the total volume of transportation and services.

Q.: What is the state of the production and financial infrastructure of air transportation?

A.: It is in the stage of development. It is being formed by ALAK and Aerolizing leasing companies, the joint-stock companies Aviazakaz, Aviaservis, Aviatekhservis, Aerotrans, bank Aeroflot, the transport clearing chamber, the insurance company AFES.

We also plan to continue steps to organize receiverships and bankruptcy procedures.

Q.: What steps are you taking to increase safety?

A.: This year to increase the safety of flights we are planning to improve the system of certifying and licensing, strengthen the inspector service of territorial departments by increasing the number of inspectors, raise their role and status.

We also plan to introduce the institution of field inspectors at federal airports, the air code, regulations on civil aviation, government programs to increase the safety of flights and guarantee the security of civil aviation against unlawful interference.

We plan to tighten control over the use of aircraft of foreign make (Boeings 757, 737, 767), domestic planes and helicopters made in the 60s and 70s (Mi-2, Mi-6, Mi-10, Antonov-12, Tupolev-134, Yakovlev-40, Antonov-24), increase the efficiency of the government control of flights.

Q.: What is your forecast in the sphere of innovations and research?

A.: The department intends to offer selective financial support to research and test projects conducted in the framework of federal programs attracting non-budget money.

As for the renewal of the aging air fleet, in 1995 we have to complete the process of certifying such planes as Tupolev-204, Ilyushin-114, Yakovlev-242, Tupolev-334, Tupolev-330, MIG-110, Antonov-74T and helicopters Mi-26TV, Mi-172, Ka-126, Mi-38.

We also have to finish and introduce into civil aviation such helicopters as Mi-34VAZ, Mi-8MTB Salon, Ka-115, Ka-62, Mi-26K6, Mi-46 and Mi-54.

The program for saving fuel and energy will help reduce fuel consumption by 1-5% (about one million tons or 80 billion rubles a year) and with a more effective system of regulations by 3-7% (150 billion rubles).

Q.: What are the prospects in labor and employment?

A.: The forecast is based on estimates of bankruptcies. In 1994 the average monthly earnings in air transport were 453,570 rubles, this year's figure is planned at 907,290 rubles.

The number of persons employed in the industry dropped by 11,750 last year. This year the staff will shrink only 1.76% while passenger transportation should increase 9.3%.

Q.: What are the main problems facing air transportation today?

A.: We must offer government support to companies in purchasing new air equipment and in constructing and modernizing ground facilities directly related to the safety of flights. In my opinion the air transportation program should get the status of federal through an appropriate government decision. Government support should also be given to air transportation units in the Extreme North.

The government should regulate fuel prices and offer several tax benefits.

The State Property Committee should pass a resolution on reorganizing current government-owned air companies, alter legislation on local airports.

I think it extremely necessary to form a financial structure in air transport for non-budget financing of the air fleet. This requires an appropriate cabinet resolution appointing Aeroflot bank an agent of the cabinet in funding priority programs in air transport and offering it a beneficial 150 billion ruble loan for advancing

the financial structure for 10 years at 20% interest per annum.

Federal Assembly

Government Approves Commercial Secrets Bill

LD1708190195 Moscow INTERFAX in English
1714 GMT 17 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 17 (INTERFAX) — The Russian government gave its overall approval to the federal Commercial Secrets Bill which will be sent to the State Duma after a week of polishing.

Deputy Economy Minister Sergey Vasilyev told the government that legislation on commercial secrets will improve the legal framework for entrepreneurial activity.

Vasilyev believes that the bill's treatment of industrial spying as "illegal collection, acquisition and transfer of commercial secret data in a way damaging or likely to damage the owner of the data" is an essentially new element in Russian legislation.

Interior Minister Anatoliy Kulikov made it clear that his officers must have access to the documents of business organizations, similar to the tax police, in order to investigate economic crimes and he suggested amendments to the bill.

Legislative, Regulatory Documents 30 Jul-5 Aug 95P50160

[FBIS Media Note] The following is a listing of Russian legislation recently published in the press of the Russian Federation compiled by FBIS. Numbers within parentheses indicate approximate wordage. Entries followed by the notation "Text" have been translated into English and are available in FBIS publications.

SECTION I: ECONOMIC LEGISLATION (EXPORT-IMPORT, BANKING, PRIVATIZATION, AUCTIONS, REGIONAL DEVELOPMENT)

Federation Council 21 July Decree No. 544-1 Approving Federal Law 'On State Regulation Of Foreign Trade Activity.' (Moscow ROSSIYSKAYA GAZETA in Russian 1 Aug 95 p 6) (100)

Federation Council 21 July Decree No. 555-1 sf Approving Federal Law On Additions To Laws On Customs Tariffs And Value-Added Tax In Connection With Implementation Of Program For Housing And Social Construction For Servicemen. (Moscow ROSSIYSKAYA GAZETA in Russian 4 Aug 95 p 4) (150)

Federation Council 21 July Decree No. 556-1 Approving Federal Law 'On Securities Market.' (Moscow ROSSIYSKAYA GAZETA in Russian 1 Aug 95 p 6) (100) Government 24 July Decree No. 740 Deeming Certain USSR Government Decrees On Customs Questions Invalid On RF Territory. (Moscow ROSSIYSKAYA GAZETA in Russian 2 Aug 95 p 6) (400)

Government 24 July Decree No. 744 Amending 3 December 1992 Government Decree On Transfer Of State Facilities, Property to Lipetsk Oblast State Ownership. (Moscow ROSSIYSKAYA GAZETA in Russian 2 Aug 95 p 5) (100)

Government 24 July Decree No. 745 Listing Federally Owned State Enterprises, Cultural Organizations, Educational Institutions, Joint-Stock Company Shares, And Also State Property Of Leased Enterprises, Limited-Liability Partnerships, And Cooperatives To Be Transferred To Moscow Oblast State Ownership. (Moscow ROSSIYSKAYA GAZETA in Russian 2 Aug 95 p 5) (600) Government 24 July Decree No. 752 Ratifying Agreement With IBRD On Loan To Finance 'Housing' Project. (Moscow ROSSIYSKAYA GAZETA in Russian 3 Aug 95 p 5) (500)

Government 24 July Directive No. 982 On Privatization Of "Russian Commerce Agency." (Moscow ROSSIYSKAYA GAZETA in Russian 1 Aug 95 p 4) (120) (Text)

Government 24 July Directive No. 1023-r Accepting Goskomimushchestvo Proposal On Privatization Of Ulan-Ude Grain Enterprise. (Moscow ROSSIYSKAYA GAZETA in Russian 3 Aug 95 p 5) (100)

Government 24 July Directive No. 1034 Setting Up Commission Under Deputy Premier Zaveryukha To Supervise Budget Loans For Federal And Regional Food Stocks. (Moscow ROSSIYSKAYA GAZETA in Russian 2 Aug 95 p 4) (450)

Government 24 July Directive No. 1043 Announcing Submission Of Bill On Unitary Enterprises To State Duma. (Moscow ROSSIYSKAYA GAZETA in Russian 2 Aug 95 p 4) (100)

Yeltsin 26 July Directive No. 350 Amending Rules Of State Nuclear Inspectorate. (Moscow ROSSIYSKAYA GAZETA in Russian 2 Aug 95 p 4) (850) (Text) Yeltsin 26 July Edict No. 764 Amending Earlier Presidential Edicts On Computerization. (Moscow ROSSIYSKAYA GAZETA in Russian 1 Aug 95 p 4) (300) (Text)

Yeltsin 26 July Edict No. 765 On Measures To Improve Investment Efficiency, Plus Aleksandr Velichenkov

Commentary. (Moscow ROSSIYSKAYA GAZETA in Russian 1 Aug 95 p 5) (4800/800)

Yeltsin-Signed 31 July Federal Law No. 118-fz 'On Procedure For Considering And Approving The 1996 Federal Budget.' (Moscow ROSSIYSKAYA GAZETA in Russian 4 Aug 95 p 6) (1800) (Text)

Yeltsin-Signed 31 July Federal Law No. 120-fz On Amendments And Additions To Law On Central Bank. (Moscow ROSSIYSKAYA GAZETA in Russian 4 Aug 95 p 6) (250)

Yeltsin-Signed 31 July Federal Law No. 121-fz On Distribution Of Housing Subsidies Among Areas Of Extreme North. (Moscow ROSSIYSKAYA GAZETA in Russian 3 Aug 95 p 2) (400)

Yeltsin 31 July Edict No. 783 On Amendments To Earlier Edict No. 2204 Of 20 December 1993 On Payments For Obligations Arising With Regard To Delivery Of Goods Or Performance Of Services. (Moscow ROSSIYSKAYA GAZETA in Russian 4 Aug 95 p 6) (300)

Yeltsin 31 July Edict No. 784 On Additional Measures To Ensure Shareholders' Rights, Plus Amendments And Additions To Earlier Edict No. 1769 of 27 October 1993 On Same Topic. (Moscow ROSSIYSKAYA GAZETA in Russian 4 Aug 95 p 6) (2600)

Amendment to List Of Full And Abbreviated Names Of RF Ministries And Other Federal Organs Of Executive Power Cited In 9 February 1994 Directive Of Presidential Staff And Government Apparatus. (Moscow ROSSIYSKAYA GAZETA in Russian 2 Aug 95 p 5) (100)

SECTION II: POLITICAL (INTERNATIONAL AND CIS AFFAIRS, ELECTIONS, CRIME, POLLUTION)

Government 24 July Decree No. 738 On Procedure For Training Population In Sphere Of Defense Against Emergencies, Accompanied By Text Of Procedure. (Moscow ROSSIYSKAYA GAZETA in Russian 2 Aug 95 p 5) (400/2000)

Chernomyrdin 24 July Directive No. 1029-r Accepting Foreign Ministry Proposal For Extension Until December 1995 Of 20-Percent Extra Payment For Foreign Ministry Personnel In Various Countries. (Moscow ROSSIYSKAYA GAZETA in Russian 1 Aug 95 p 6) (300)

Yeltsin 26 July Edict No. 763 Ratifying Statute On Rules For Granting Political Asylum In Russia, With Text Of Statute. (Moscow ROSSIYSKAYA GAZETA in Russian 1 Aug 95 p 4) (100/1800) (Text)

Yeltsin 28 July Edict No. 773 Expanding Presidential Staff's Powers. (Moscow ROSSIYSKAYA GAZETA in Russian 1 Aug 95 p 4) (450) (Text)

Yeltsin 28 July Edict No. 774 Amalgamating Security Services. (Moscow ROSSIYSKAYA GAZETA in Russian 1 Aug 95 p 4) (350) (Text)

Yeltsin-Signed 31 July Federal Law No. 119-fz 'On Fundamentals Of Russian Federation State Service.' (Moscow ROSSIYSKAYA GAZETA in Russian 3 Aug 95 pp 4, 5) (10,000)

Agreement Between Governments Of Turkmenistan And Russia On Basic Principles And Avenues Of Economic Cooperation Through The Year 2000. (Moscow ROSSIYSKAYA GAZETA in Russian 4 Aug 95 p 12) (2500)

Agreement Between Governments Of Turkmenistan And Russia On Basic Principles Of Trade And Economic Cooperation In 1995. (Moscow ROSSIYSKAYA GAZETA in Russian 4 Aug 95 p 12) (1000)

Regional Affairs

Sobolev Appointed Kurgan Administration Head

MM1708144195 Moscow ROSSIYSKAYA GAZETA in Russian 17 Aug 95 p 1

[Unattributed report: "Official"]

[FBIS Translated Text] Russian President B.N. Yeltsin has issued an edict appointing Anatoliy Nikolayevich Sobolev head of Kurgan Oblast administration.

Dagestan Parliament Issues Statement on Terrorism

LD1708205995 Moscow INTERFAX in English 1835 GMT 17 Aug 95

[FBIS Transcribed Text] MAKHACHKALA, Aug 17 (INTERFAX) — Measures taken in Dagestan (constituent member of the Russian Federation) to fight terrorism and other grave offenses "are insufficient and inadequate to the present situation," reads a statement put out by the presidium of the Dagestan parliament in Makhachkala Thursday.

Earlier, head of the Magaramkentsk regional administration, Sergey Gadzhiev, and head of the Tarumovsk regional administration, Ivan Ivanov, were killed within a month of each other, while the apartment of Dagestani Prime Minister Abdurazak Mirzabekov was shelled by a grenade launcher.

Over the last years "criminal elements have been hampering the development of civilized market relations,

stifling business initiative and are now seeking full political power in the republic," reads the statement.

The parliament's presidium pointed out the necessity to unite the public and power bodies in the fight against crime and said that "no threats and no violence on the part of criminals will be allowed to impede the activities" of the deputies.

Ingush-Ossetian Talks Deadlocked Over Refugees

MM1708114495 Moscow ROSSIYSKIYE VESTI
in Russian 17 Aug 95 p 2

[Report by Feliks Babitskiy: "After the Euphoria — Deadlock"]

[FBIS Translated Text] Nazran, Vladikavkaz — The latest round of Ossetian-Ingush talks on the procedure for the return of refugees has ended in failure yet again. Admittedly, we equally should not say that there was no progress at all. Out of the more than 10 points in the draft agreement on which disagreement had previously been voiced there are only two points left.

The main stumbling block is the number of population centers to which the refugees are planning to return. Whereas the Ingush are talking about 10 villages, the Ossetians will only agree to eight. The sides are clearly not ready to compromise. The situation is indeed poignant — while the Interim State Commission is defending the rights of the refugees, effectively doing the Ingush delegation's work for it, the delegation is busying itself solely with making territorial claims. And as soon as delegation members start arranging normal relations with federal officials, [Ingush] President Aushev invariably objects from Nazran, and his subordinates comply. That is why, following last Thursday's euphoria, when it had seemed that an agreement would be signed by the premiers of the two republics the next day, the talks, unexpectedly for many, suddenly found themselves deadlocked. It is hard now even to predict when they might resume.

Soskovets Attends Cooperation Meeting in N. Ossetia

LD1708190795 Moscow ITAR-TASS in English
1818 GMT 17 Aug 95

[By Gennadiy Yezhov and Valeriy Shanayev]

[FBIS Transcribed Text] VLADIKAVKAZ, August 17 (ITAR-TASS) — Russian First Deputy Prime Minister Oleg Soskovets came to the North Ossetian capital of Vladikavkaz on Thursday afternoon to meet the republic's leadership and attend a meeting on social and economic cooperation of North Caucasian regions and republics.

"I have come to North Ossetia to meet the leadership of this republic," Soskovets told the press.

"We have talked a lot about this meeting. Its major goal is to get acquainted with problems of the republic's social and economic development on the spot, and discuss with chiefs of federal agencies how the presidential decree on state support to the social and economic development of North Ossetia up to the year 2000 is being implemented," he said.

On August 18, the Council of the Association for the Social and Economic Cooperation of the North Caucasian Republics, Territories, and Regions will open its session in Vladikavkaz. On the session's agenda will be some 20 items related to economic integration of the region.

Omsk 'Siberian Accord' Leader Meets Yeltsin

MK1808071495 Moscow SEGODNYA in Russian
17 Aug 95 p 2

[Report by Yelena Tregubova: "The Omsk Governor and the President Discuss Economic Problems of the Oblast. Leonid Polezhayev Proposes 'Entirely Peaceful Means' To Settle the Chechen Crisis"]

[FBIS Translated Text] Yesterday in the Kremlin, Boris Yeltsin met with Leonid Polezhayev, head of the Omsk Oblast administration and a leader of the "Siberian Accord" interregional association. As your SEGODNYA correspondent was informed by presidential administration staffers, "since the Omsk governor, for some reason, could not take part in the previous meeting between the president and a group of governors, we have deemed it appropriate to arrange a separate meeting for him."

Leonid Polezhayev told your SEGODNYA correspondent that, "in his capacity as a 'Siberian Accord' leader," he discussed with the president the approaching harvest campaign in Siberia. He claimed that "crop forecasts are very good for the whole of Siberia." For that reason, the governor asked for the president's "assistance" regarding purchases of grain for the federal fund. Mr. Polezhayev specified that he had in mind "first of all, financial assistance." In reply to this request, according to the governor, the president "expressed his great interest."

In addition, Leonid Polezhayev said that Boris Yeltsin supported the idea of creating so-called financial industrial groups "initiated by the regions themselves."

"The prospects for development of economic ties between Omsk Oblast and neighboring Kazakhstan" were also discussed. Leonid Polezhayev believes that "this process is essential," because his oblast, since Soviet

times, "has been dependent on Ekibastuz coal supplies as a power source." Meanwhile, the president, according to Polezhayev, "regards economic ties as the best vehicle to strengthen the processes of integration." The oblast leader assured your SEGODNYA correspondent that he is ready to make his region more open to external economic ties, "especially those with neighboring Russian regions."

Of late, contacts between Russian top officials and "Siberian Accord" leaders have become more frequent. It is sufficient to mention the Krasnoyarsk meeting on budget matters, with the participation of many federal ministers, or the recent Tyumen meeting on the fuel and energy complex, attended by Premier Chernomyrdin. Leonid Polezhayev gave assurances that "Siberian Accord" has succeeded in being "treated seriously" by the government and the president thanks to the "high degree of unity of association members." As a result, the government "cannot help but take into consideration the stances of the regional leaders who are its members." Leonid Polezhayev emphasized, not without pride, that leaders of other interregional associations — given less attention by the government compared to "Siberian Accord" — "very often come" to attend his association meetings, probably so as to try to adopt its experience.

The Omsk governor gave assurances that at yesterday's meeting, Boris Yeltsin did not say a word about the Chechen events. In his conversation with your SEGODNYA correspondent, however, the governor said that his "personal" view is that "the settlement should be brought about using entirely peaceful means" and that "military measures are completely unacceptable and inexpedient." The Omsk leader said that the "ongoing process of negotiations convincingly proves that our opponents, who insist on the use of force, are wrong."

Novosibirsk Oblast Tax Police Head Interviewed

954F3053A *Novosibirsk VECHErNIY NOVOSIBIRSK in Russian 7 Aug 95 p 2*

[Report by Ilya Inzov on news conference by Colonel of Tax Police Vladimir Goncharov, chief of the Tax Police Department Administration of Russia for Novosibirsk Oblast: "This Service Is Both Dangerous and Difficult: 75 Billion Rubles Added to the State Budget in the First 6 Months Thanks to Tax Police Department Employees"]

[FBIS Translated Text] At a news conference held in the Russian Federation Tax Police Department Administration for Novosibirsk Oblast, Colonel of Tax Police Vladimir Goncharov, chief of the DNP [Tax Police Department] Administration of Russia for the oblast, an-

swered many questions that were of interest to the journalists.

[Journalist] Vladimir Vladimirovich, the tax police are one of the youngest law enforcement organs of Russia. Tell us, please, how did everything get started?

[Goncharov] Up to 1993 the tax police existed within the framework of the state tax service. But a law was adopted on the creation of federal tax police organs in June, and it has existed since that time as an independent structure.

The history of the creation and the first stage in the development of the Tax Police Administration for our oblast is associated with the name of Vasilii Volkovskiy, its first manager, who at the present time is deputy director of the Tax Police Department.

[Journalist] What tasks have you set yourself? To collect more money?

[Goncharov] Three main tasks confront the tax police organs, as formulated in the law on the tax police. The first of them is to expose, prevent, and suppress violations of the law and crimes in the sphere of tax legislation. The second is to ensure a safe work environment for tax inspection organs, and the third is to expose corruption both in the tax police itself and in the tax inspection organs.

[Journalist] What are the results of your activity in the past six months?

[Goncharov] The main results of our activity for the first six months of this year are as follows: R75 billion were added to the state budget, 81 audits were conducted jointly with the state tax inspectorate and independently, and 90 percent of these audits uncovered cases of violations of tax legislation on a large and especially large scale. In the six months we exposed 36 crimes that had been committed in our oblast. In this connection 26 criminal cases were instigated, and none were instigated on the others in connection with an amnesty. Although, in principle, the absolute figures do not tell a lot, especially if as a criterion we are compared with the other administrations of the whole Siberian region. According to the main indicators, we are in fourth place of the 16 administrations in Siberia.

[Journalist] Who controls you?

[Goncharov] The tax police organs, of course, are under control. On the whole, the department of the Government of Russia and the State Duma follow our work. Financial activity is monitored by the Procuracy of Russia and the oblast procuracy. At the beginning of this year the oblast procuracy conducted a complete

inspection of our department—no serious violations were found. Incidentally, using this occasion, I would like to thank the administration of the oblast and the mayor's office for the support they are rendering us.

[Journalist] Vladimir Vladimirovich, what percentage of operational work is brought to its logical conclusion, and do the local authorities use your information on operational matters?

[Goncharov] All operational matters, if they are initiated, reach a point where they are verified. But our authorities do not use operational information—this is forbidden by law.

[Journalist] Were there cases of corruption in the tax organs?

[Goncharov] In 1994, Sokolova, the manager of the tax inspection office for Karasuk, was sentenced to four years imprisonment. There was a question of her using budget resources for personal purposes and swindling.

At the present time an investigation is taking place into abuse of official position with respect to two employees of one of the rayon tax inspection offices. I do not have the right to mention the names for reasons known to everyone. Criminal cases have not been instigated with respect to our employees.

[Journalist] Vladimir Vladimirovich, your department is a preliminary investigation organ—is this not ultimately a hindrance?

[Goncharov] This is one of our touchiest problems at the present time. At this moment we are not instigating cases where an investigation is also necessary, and we transfer the case to other organs—the Procuracy, or internal affairs organs. This problem is extremely complicated. Our work, as practice has shown in recent years, has its own serious specific features. There are purely subjective moments. Therefore, we came out with an initiative to establish investigative organs in our administration. We are asking to give us investigation, rather than changing preliminary investigation to investigation.

[Journalist] Does your apparatus have any analogies in world practice?

[Goncharov] The state tax service has been in existence for only five years, and we for less—a little more than three years. Naturally, when all the plans and decrees were being created we first of all oriented ourselves toward foreign practice.

[Journalist] Vladimir Vladimirovich, I somehow had occasion to hear that after the creation of an organ in the United States similar to your department, within a year not one employee of the first hiring remained alive....

[Goncharov] I do not know the figures for the United States, but our figures are that in 1994, nine employees of the Tax Inspection Department of Russia were killed. In five months of this year—four employees. All of them were killed in the performance of their official duties. Similar cases, or threats directed at employees of the tax police in our oblast, fortunately have not been recorded yet.

[Journalist] How are you working with the courts? What problems exist here?

[Goncharov] The fact is that only a small number of cases get to court. Some are screened out in connection with amnesties, some are stopped for other reasons. But those cases that do get to court get there with difficulty. Tax crimes are a special kind of crime. Therefore, judicial specialization is necessary. A chain exists in other countries with the kind of developed system of tax legislation that starts with a tax examination and a proper investigation and ends with an actual tax court. In my experience such practice is ideal, and we have come out with a proposal to introduce something similar in our country as well. But, alas, apparently it is still too soon for Russia. Although we know that elaboration of a tax code is being worked on now in the government, and we expect that the basic work on its consideration and adoption will occur in 1996.

[Journalist] Vladimir Vladimirovich, what in your opinion is the main reason for violations of tax legislation?

[Goncharov] An intricate question. One of the reasons is the fact that in connection with people's psychology they are reluctant to part with their money. But this is not the main reason. One other reason is associated with the complexity and unwieldiness of tax legislation and the existing system of penalties. At present there are about 900 normative acts that alone regulate the process of taxation. It is clear that it is almost impossible to study such a mass of documents. Our legislators, fortunately, understand this, and they are trying to shift the weight of taxation from enterprises to physical persons.

[Journalist] Do you have a secret service network in your administration?

[Goncharov] The law on operational-investigative activity applies to us as well. According to it, we have the right to engage in secret forms of operational-investigative activity. The secret forms include in themselves secret service work, the employment of technical means for acquiring information, etc., etc. Based on this law, it is possible to assume that we engage in this work. We also have the right to transfer a certain part of hid-

den taxes to the person who helped us disclose them. But we have not encountered this in our practice yet.

[Journalist] Does the scale of monetary allowances make it possible for your employees to make ends meet?

[Goncharov] Well, it is first of all necessary to ask this question of their wives, although I can say that the average wage of the middle employee level, if everything is totaled, reaches R700-800. This is approximately as much as employees of other law enforcement organs get.

[Journalist] And the last question. Vladimir Vladimirovich, in the practice of the department entrusted to you were there cases of "friendly relations" with the mafia, when a criminal group was linked with the power structure?

[Goncharov] No, I did not run into this even once, and I even think there is no such thing in the city.

Vladimir Oblast Agrees to Gubernatorial Election

MM1708150895 Moscow ROSSIYSKAYA GAZETA in Russian 17 Aug 95 p 3

[Untitled report by correspondent Yuriy Shatalov from the "Local News" section]

[FBIS Translated Text] Vladimir — Vladimir Oblast Head of Administration Yuriy Vlasov has applied to the oblast legislative assembly for an oblast governorship election to be held on 15 October this year.

Vlasov's initiative came as no surprise to the local deputies or the voters of Vladimir Oblast. Back in February, notwithstanding persistent rumors that the oblast administration leader had no interest in taking part in an election for the empty governorship, Vlasov officially asked the president of the country to authorize one. In June he confirmed his intention, arguing that he had already prepared a draft law on the election for the oblast administration head.

The deputies accepted Vlasov's proposal but considered that the election for governor should be held at the same time as the elections for deputies to the Russian Federation Federal Assembly.

Kamchatka Official Calls For Restoring Soviets

MK1808064895 Moscow SEGODNYA in Russian 17 Aug 95 p 2

[Report by Oleg Kryuchek: "Kamchatka Lawmaker Thinks Up New Oblast State System. He Proposes All Power Be Handed to Soviets"]

[FBIS Translated Text] Mr. Nikolayev, chairman of the Kamchatka Oblast Legislative Assembly's Consti-

tutional Law Committee, has proposed to the region's population his own variation on the theme of the oblast state system. In particular, he thinks Kamchatka needs the following components of state power: representative, executive, and judicial bodies and the people of Kamchatka. Remarkably, the bodies of local self-government, among which the committee chairman also lists lawmakers and administrators, are offered the original and unaccustomed name of soviets of people's deputies. According to the lawmaker, the head of local self-government shall also be the head of the soviets.

Furthermore, Mr. Nikolayev has provided for the existence of a governor who shall represent the region at charity and noble gatherings. Curiously, no one shall have the authority to remove either the governor or the soviets from power with the exception of the self-same people of Kamchatka people via a referendum-based expression of their will.

Economic Issues

Yeltsin Signs Law on Natural Monopolies

LD1708125495 Moscow ITAR-TASS in English 1143 GMT 17 Aug 95

[FBIS Transcribed Text] MOSCOW, August 17 (ITAR-TASS) — President Boris Yeltsin today signed the Federal Law "On Natural Monopolies" that was promulgated by the State Duma lower house of parliament on July 19, 1995.

The law, which lays down the fundamentals of the federal policy with regard to natural monopolies in the Russian Federation, aims to maintain a balance of interests of consumers and natural monopolies, the presidential press service told ITAR-TASS.

Government Revising '96 Budget Expenditure Targets

MK1708121495 Moscow SEGODNYA in Russian 16 Aug 95 p 1

[Report by Svetlana Lolayeva: "Government Continues Revising Expenditures in 1996 Budget. Currently Presidential Amendments Are Being Made to Draft Budget"]

[FBIS Translated Text] The draft budget for 1996, as your SEGODNYA correspondent has been told at the government press service, will be submitted to the State Duma late this or early next week. It should be recalled that at the 3 August government meeting the Finance Ministry was tasked with finalizing the budget to account for objections made and submitting it to the parliament within a week. Anton Siluanov, chief of the budget expenditure department in the Finance

Ministry, said that an extra 3.3 trillion rubles were added to support agriculture and that, due to this, the budget's revenue and expenditure parts were increased. Spending on some other items was also revised. In particular, expenditures on maintaining the government staff were reduced and brought down to the 1995 level as a percentage of GDP. Appropriations for the Federal Government Communications and Information Agency were also cut so as to increase spending on the Federal Security Service and the Border Service. Despite the president's announcement of a 2.5-fold increase in the salaries of civil servants starting 1 January 1996, the draft budget provides for only a 1.6-fold increase, Mr. Siluanov said.

It is possible, however, that these changes may still be made to the budget in accordance with the criticism leveled at the draft by Boris Yeltsin. To all appearances, a delay in the budget's submission to the State Duma can be attributed precisely to an effort to finalize it and incorporate into it the changes recommended by the president. Certain military articles of the budget may also be in for possible adjustment; in particular, funds appropriated for defense orders may be increased. At any rate, First Deputy Prime Minister Oleg Soskovets, speaking at the Monday [14 August] meeting of the government commission on day-to-day matters, gave the Finance Ministry, the Defense Ministry, and the State Defense Industry Committee three days to determine the size of the defense order in the 1996 budget. However, Anton Siluanov said, the directive issued according to the results of the government's consideration of the draft budget on 3 August did not call for an increase in these appropriations, but only for structural adjustments within the planned amount of military expenditures.

Budget Estimates Approved by Yeltsin

LD1708165195 Moscow INTERFAX in English
1231 GMT 17 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 17 (FIA-INTERFAX) — As Russia's Prime Minister told the Cabinet of Ministers Thursday, next year's budget estimates prepared by his government were approved by the president in principle, and they will be submitted to the State Duma, the lower house of parliament, Thursday or Friday.

He instructed the Finance Minister Vladimir Panskov to finalize the budget estimates Thursday and Friday, he explained.

As INTERFAX's Financial Information Agency learned from the Finance Ministry, a number of amendments were made to the budget estimates on the president's

instructions, as a result of which their basic parameters changed.

According to the Finance Ministry spokesmen, it was decided to grant additional allocations in the amount of 3.1 trillion rubles to support agricultural production and bring the volume of financing for agriculture and fishery to 13.1 trillion rubles (against 9.4 trillion this year). Consequently the share of state funding for the agro-industrial complex in the Gross National Product will increase against this year's index. It was decided to raise budget allocations for television by 105 billion rubles, bringing their share in the GNP to this year's level. According to the Finance Ministry spokesmen, the budget estimates provide for raising the wages of state employees by 60%. In the meantime, as Russia's finance minister said earlier, there is a draft decree to raise the wages of state employees by two and a half times on January 1, 1996.

So the expenditure and the revenues will increase by almost 3.5 trillion rubles and make up 414.4 trillion and 332.6 trillion rubles respectively. Budget deficit will remain unchanged — 81.8 trillion rubles, or 3.9% of the GNP.

Budget Deficit Financing Less Inflationary

MM1608142195 Moscow ROSSIYSKAYA GAZETA
in Russian 16 Aug 95 p 1

[Unattributed untitled report from the "Events of the Day" column]

[FBIS Translated Text] The federal budget deficit in the first half of 1995 chalked up a record low of 3.2 percent of GDP, stated Mikhail Delyagin, chief of the group of economists of the Russian Federation president's Analytical Administration.

He noted that the share of inflationary sources in financing had been dramatically reduced in the first half of this year — down from a figure of more than three-quarters of the budget deficit in 1994 to 24.9 percent. The government has achieved undoubted success in this sphere, the analyst concluded.

Foreign Trade Surplus Posts 28 Percent Rise

MM1708140195 Moscow IZVESTIYA (Financial Section) in Russian 17 Aug 95 p 1

[PRAYM report: "Russia's Trade Surplus Increases;" all figures as published]

[FBIS Translated Text] Russia's foreign trade surplus rose by 28 percent to \$16.1 billion in the first half of the year compared with the same period last year. Exports rose by 23.3 percent to \$41.8 billion, including to the

far abroad by 28.0 percent to \$33.1 billion and to the near abroad by 9 percent to \$8.1 billion. Imports rose by 20.5 percent to \$25.4 billion, including from the far abroad — by 22.6 percent to \$19.1 billion — and from the near abroad — by 14.6 percent to \$6.3 billion.

MVES Seeks Control of Overseas Property

*MK1808083695 Moscow KOMMERSANT-DAILY
in Russian 17 Aug 95 p 2*

[Report by Vadim Bardin and Konstantin Levin: "Foreign Economic Relations Ministry Ready To Manage Real Estate Abroad and To Control Arms Exports"]

[FBIS Translated Text] The overseas property of two non-existent states — the Russian Empire and the USSR — continues to stir passions. Claims laid to the inheritance clearly exceed the actual value of the assets. Attempts to trace and get back the czar's gold or to go to court to claim former Soviet and Russian real estate in the West will not cease in the near future. Be that as it may, even at this stage it is clear that Russia does have property abroad and that this property has to be managed. Yesterday's meeting of the Foreign Economic Relations Ministry [MVES] board proposed a new scheme for using the property of Russian institutions abroad. Furthermore, the ministry took pains to raise its profile at the Federal Assembly, which, as a matter of fact, is also laying claim to the role of manager of state property abroad.

Overseas Property Costs a Lot

There has been much speculation as to what Russia owns abroad. There has been no shortage of all sorts of valuations of these assets located in foreign countries. In September 1993, Supreme Soviet experts came up with a figure of \$8-10 billion, which was seen by many people as too low at the time. A year later, Duma deputies who drew up a corresponding bill on behalf of the Liberal Democratic Party of Russia [LDPR] widened the gap even further: From \$100 to \$300 billion. Government officials have so far come up with much more modest estimates. The Foreign Ministry, for instance, the MVES's neighbor in the high-rise building on Smolenskaya Square, said in its official release on Russian property abroad that 231 Soviet institutions abroad and the Foreign Ministry itself own real estate worth only \$2 billion.

Finally, in July of this year, the State Property Committee [GKI] finished the first, albeit not final, valuation of state property abroad. The GKI officially became the chief supervisor and disposer of foreign assets in January 1995, when the government passed its decree "On the Management of Federal Property Abroad." By the

GKI's estimate, the value of Russian property abroad was \$9.2 billion. This figure included a total of 1,630 real estate assets valued at \$3.3 billion and Russia's stake in 526 joint ventures, worth \$5.9 billion. Of these 1,630 real estate assets, about 300 have been turned over to the MVES, which has long accommodated its 98 foreign missions there. The buildings, together with the surrounding grounds, occupy over 100 hectares and have over 500,000 square meters of office space.

The maintenance of foreign assets costs the MVES dearly — from \$60 to 70 million a year. The Finance Ministry, however, does not allocate even one-half of the requisite sum. Employees of the trade missions have found a way out by renting some of the office space. As a rule, it is Russian foreign trade associations, or — on rare occasions — foreign partners who rent these offices. Nonetheless, they are still short of money. Moreover, in countries that account for the bulk of Russia's foreign trade turnover and where foreign trade missions operate at full capacity, there is no extra space to be rented, even down the road.

Thus, the MVES still has to rely mostly on budget appropriations. The new aspect of the ministry's proposals made at the latest board meeting is that trade and exhibition centers should be created on the basis of foreign trade missions that will actively push Russian commodities to foreign markets. Then it will be possible to persuade the Finance Ministry, too, to earmark fully the funds to maintain trade missions.

Image Is More Important Than Money

Yevgeniy Tikhonov, chief of the MVES's administration for liaison with the Federal Assembly, turned out to be the meeting's star. According to his colleagues, he gave his ministerial officials a profound insight into the passage of bills related to foreign economic activity through the Federal Assembly. The bill that is paramount for the MVES — "On State Regulation of Foreign Trade Activity" — has run into presidential vetoes twice, however. But the Duma has managed to override them, and if the Federation Council supports it, the bill may go into force as it stands now. In that regard the MVES is the Duma's ally. The thing is that the Duma version of the bill upholds the MVES in its dispute with the GKI over military-technical policy as the single body in charge of allocating the requisite export and import quotas.

Tax Police Report Half-Year Successes

MM1708135695 Moscow IZVESTIYA (Financial Section) in Russian 17 Aug 95 p 1

[INTERFAX report: "Tax Police Department Sums Up Half-Year Results"]

[FBIS Translated Text] In the first six months of the year, federal organs detected over 17,600 breaches of tax legislation, over 6,500 of them involving evasion on a large or particularly large scale, the Russian Tax Police Department has announced. Tax inspectorates have recovered over 3.93 trillion rubles in total. According to the department, the nonstate sector of the economy accounts for over 60 percent of the violations of tax legislation. In all 50 percent of the underpayments occurred at fuel and energy complex and trade enterprises and financial-credit establishments. A total of 197 people (roughly the same as in the whole of 1994) have been convicted of tax crimes in 1995, the tax police reported.

Government To Receive Draft Tax Code 17 Aug

954E1253B Moscow FINANSOVYYE IZVESTIYA in Russian 10 Aug 95 pp 1, 2

[Commentary by journalist Yevgeniya Pismennaya: "The State Will Agree To Reduce Taxes Only After It Achieves Better Collection"]

[FBIS Translated Text] The president's budget message to the Federal Assembly envisages introduction of the Tax Code in 1996. The Ministry of Finance plans to submit its draft for the government's consideration as early as on 17 August. Conceptually, the code is ready and needs only some finishing touches.

For more than a year the government keeps declaring its intent to implement a serious tax reform, the purpose of which is to reduce the tax burden and stimulate entrepreneurship. The president of Russia's 23 May 1994 edict "On Some Questions of Tax Policy" envisages cutting the number of taxes and reducing by 10-20 percent the rates of the main taxes enterprises must pay, which are set depending on the volume of payroll and volume of production. At the same time, it is envisaged to raise the level of taxing individuals' income and the property of legal entities and physical persons.

The code authors maintain that what we will have will be a major revision but not a fundamental overhaul. The main thrust of the reform is to reduce the tax burden on enterprises mainly by repealing the tax on the payroll fund above the norm, the special tax, and targeted taxes; ban the tax on proceeds; and increase the share of taxes from physical persons in the total amount of tax revenue.

Hoping for tax base expansion, the draft envisages substantially cutting the number of tax deductions. Some deductions will be retained, of course, but on condition of strict control over the results of granting them. The draft code does not mention special tax regulations for individual territories within Russia—deductions will be permitted only for participants in economic activities.

To stop the currently booming haphazard tax creativity on the local level, it is proposed to introduce a strict list of taxes both for the federation and the regions. The federation jurisdiction will include taxation of foreign economic activities associated with the movement of goods across the customs border of Russia; setting indirect taxes and state duties; imposing payments for the right to use natural resources and for environmental pollution; and federal licensing fees.

The regions' competence will include tax on profit and income. Local authorities are given the right to impose taxes on property, water, land and so on.

The uniform federal rate of tax on profit is being increased from the current 12 percent to 15 percent. The regions, upon the concurrence of the Ministry of Finance, will be flexible in setting their own tax rates anywhere between 0 to 20-30 percent. Hence, the total tax on profit will increase from 37 to 45 percent.

The authors of the draft Tax Code maintain that the legal foundation of the tax system has been thoroughly revised in it: It defines precisely the legal status of the taxpayer, tax agents, tax organs, and other participants in tax relations, and introduces a score of new institutions.

The draft Tax Code has been studied by all agencies that have an influence on the tax policy in the country. By and large, the agencies agreed with the document's concept. Nevertheless, disagreements arose with respect to some points. For instance, regarding the repeal of the tax on the amount of funds paid out by enterprises in excess of the regulated level of labor remuneration. According to calculations of presidential staff specialists, repealing this tax beginning in 1996 will result in a loss of about 25 trillion rubles [R] for the budget, of which the federal budget loss will amount to R7-8 trillion.

It is envisaged to partially compensate for this loss by increasing the income tax rate on individuals. But the tax rate for low-income individuals will be reduced from 12 to 5-7 percent, and for persons with medium income increased to 20 percent; the average arithmetic mean will amount to 12.5 percent, which means that the income tax is unlikely to compensate for the budget losses.

In the opinion of Olga Timofeyeva, a consultant to the presidential staff's budget and finance administration,

abolishing the only economic regulator of the uncontrolled growth on expenses on labor remuneration will result in the immediate sharp jump in wages as early as in the first quarter of next year. Wages included in the product cost reduce tax withholdings into the budget, and hence the tax on profit—the main source of the budget revenue. Currently the tax on excess payroll contains the growth of wages, although enterprise managers do use a variety of maneuvers to get around it. With the repeal of this tax these maneuvers will become unnecessary, of course, but wages will immediately soar by 25-30 percent, which will result in a considerable surge of inflation. Other methods of regulating expenditures on labor remuneration are possible. It is either moving from taxing the profits to taxing income, or using methods other than taxes.

The repeal of the special tax, envisaged to go into effect on 1 January 1996, will be accompanied by an increase in the VAT rate from 20 to 21 percent. This means that the "composite" tax rate is reduced by only 0.5 percent. For small- and medium-size enterprises this is not a significant reduction.

The most arguable idea in the code undoubtedly is the intent to shift very soon the tax burden from enterprises to individuals' income. It is true that income tax is the main tax in many countries with developed market economies (Great Britain, the United States, Germany, Austria, and so on). However, the income of Russian citizens at this point is quite low compared to these countries. Besides, the mechanism for collecting this tax in market economic conditions requires improvement, which will take under the best case scenario three to four years. Perhaps in the future, as individuals' income grows, the role of the income tax will become considerably more significant, including in forming the revenue part of the budget. Right now, however, it is too early to talk about it.

Russia's Deputy Minister of Finance Sergey Shatalov, the chief author of the Tax Code, says that the tax reform's motto may be formulated as follows: "The state will agree to reduce taxes in exchange for tightening the tax discipline." This, however, assumes creating a new legal base for taxation. The staff of the tax reforms department of the Ministry of Finance maintain that the problem of bringing into conformance the civil and the tax codes has been resolved on the terminology level. How many practical obstacles remain, however, is hard to predict. Especially considering that the authorities will want to adopt the Tax Code before the law "On the Budget System." The code is a systematized integrated legislative act, which in other countries develops over decades, if not centuries. It is unlikely that Russia can manage it in a matter of months.

The president's budget message envisages starting the tax reform in 1996. Minister of Finance Vladimir Panskov believes that it is unrealistic to put the Tax Code into effect on 1 January of next year. The work on the code is practically completed; the State Duma went into summer recess, after which a stormy election campaign is expected. It seems to be very ill-considered to rush ahead with the shakeout of a more or less workable tax system in the year of presidential elections.

Metallurgy Committee Fears Losing to Privatization

*MK1808042495 Moscow KOMMERSANT-DAILY
in Russian 17 Aug 95 p 2*

[Report by Nikolay Podlipskiy: "Super-Holding Metallurgy Company Being Created. Russian Committee on Metallurgy Calls On Enterprises To Come Back"]

[FBIS Translated Text] Yesterday, news agencies issued a report saying that First Deputy Premier Oleg Soskovets has backed the idea of creating an open-ended "Rossiyskiy Metal" [Russian Metal] joint-stock company. It should be noted that this idea is controversial: The proposal is to set up the holding company's incorporation capital using shares of metallurgical enterprises, whereas the State Committee on the Administration of State Property [Goskomimushchestvo] is not abandoning the hope of fulfilling the privatization plan by freely selling shares in metallurgical enterprises.

Yesterday's news agency reports tell the following story. At yesterday's session of the board of directors of metallurgical enterprises, Oleg Soskovets backed the initiative of a number of heads of metallurgical enterprises to create a sectoral holding company. In the words of Russian Metallurgy Committee Chairman Serafim Afonin, a corresponding package of documents has already been prepared, and it only remains to fine-tune the draft of a presidential edict and get it assessed by government experts as soon as possible. Setting up the company is necessary because "this is the only way out of today's situation," and it is necessary "to adapt the metallurgical sector to market conditions and enhance the competitiveness of its products." Oleg Soskovets also suggested that the greater part of the block of shares remain with the state.

While the specific mechanism for setting up the joint-stock company is still unknown, one can venture some guesses. To create a metallurgical company whose controlling block of shares should belong to the state is only possible by consolidating shares that now belong to the government. In theory, there are no obstacles to that, with one exception. Concerned over fulfilling the plan of incomes from privatization, Goskomimushchestvo is now ready to launch a series of "effective sales"

of nationally important enterprises. The metallurgical enterprises that the Russian Committee on Metallurgy has its eye on are not at the bottom of the list of 136 companies slated for sale. Remarkably, the government-approved list of companies whose shares are not to be taken away from them and sold — that is to say, which have been recognized as strategic — contains only six companies directly related to metallurgy: "VILS" [expansion unknown], the Stupino Metallurgical Combine, the Yaroslavl Mining and Enrichment Combine, the Kolchugino Plant for the Working of Non-Ferrous Metals, the "Norilskiy Nikel" Joint-Stock Company, and the Magnitogorsk Metallurgical Combine.

One can therefore assume that committee staffers will fine-tune the draft edict very quickly. However, the prospects for having this document assessed by government experts appear very uncertain. Goskomimushchestvo is quite able to drag out the process of agreement until all the shares have been sold. The question would then resolve itself — there would be nothing left from which to put together yet another semi-state-owned holding company without a penny to its name.

In assessing the idea made public yesterday, the following should be pointed out. First, further steps to put it into practice may seriously affect the degree of investor interest in national metallurgical companies. Second, the Russian Committee on Metallurgy has picked the most unsuitable time to publicize this idea. The metallurgical sectors have been, during the past seven months, registering a very dynamic growth in production despite [high] electric power tariffs and the strengthening of the ruble. According to the State Committee on Statistics, production has grown 7 percent over last year, while the rolling of ferrous metals has grown 13 percent. The production of non-ferrous metals is growing a bit less, but also in a rather stable manner. Remarkably, the growth of metallurgical production in the first part of the year cannot be attributed to exports alone, but also to some revival in the consumption of quality metal: for example, the production of ball bearings is up 2 percent, while the production of motor vehicles has increased 10 percent.

Lastly, the Russian Committee on Metallurgy's stance is understandable — once the overwhelming majority of metallurgical enterprises has been sold, it will be difficult to prove the need for the existence of a special government agency in charge of a few plants. The threat to end up powerless may spawn even more ridiculous ideas.

Diamond Sector Forms Union To Protect Rights

*MK1808065895 Moscow KOMMERSANT-DAILY
in Russian 17 Aug 95 p 9*

[Unattributed ITAR-TASS report: "Yet Another Organization Has Been Created To Protect the Interests of the Diamond Sector"]

[FBIS Translated Text] On 15 August the founding meeting of the Russian Diamonds Union — a non-profit organization called upon to unite the participants in Russia's diamond sector with a view to pursuing a single strategy of protecting their rights and interests — took place.

The founders of the Russian Diamonds Union are 35 organizations, including the Russian State Committee for Gems and Precious Metals and the Sakha Committee for Gems and Precious Metals; the Almaz Rossii-Sakha company; the Moscow, Smolensk, Barnaul, and Gornostroi cutting plants; the Russian Banks Association; the Russian Gold Industry Union; the Association of Russian Industrialists and Entrepreneurs; and the International Information Science Academy. The meeting elected the union's leading bodies: the council, the observer council, and the board. The union's mastermind and organizer is Vladimir Piskunov, vice president of the Almaz Rossii-Sakha company. The meeting elected him president of the new organization. The union's governing bodies feature such outstanding figures in Russia's diamond industry as Aleksandr Kozlov, former chief of the State Repository [Gokhran]; Yevgeniy Bychkov, chairman of the Russian State Committee for Gems and Precious Metals; Aleksey Barbariush (Yuvelirprom); and Ararat Evoyan (the Diamond Producers Association). At the same time the Diamonds Club — a business center for workers in the diamond industry — was also created.

Major Oil Companies Finally Define Their Structure

*MK1708125695 Moscow KOMMERSANT-DAILY
in Russian 17 Aug 95 p 1*

[Report by Aleksey Sukhodoyev: "There Are Three More 'Legitimate' Oil Companies Now"]

[FBIS Translated Text] Presidential edict No. 347 of 1 April set a deadline — the end of the second quarter, that is, 30 June — by which the Russian oil sector was to have defined its structure. The need to accommodate what has often been the diametrically opposed interests of oil generals and generals who have nothing to do with oil at all required an extra one and a half months. According to a number of news agencies, Prime Minister Viktor Chernomyrdin has started signing

decrees that definitely define the structure of Russian oil companies. KOMMERSANT-DAILY learned that the composition of two existing companies — LUKoil and YUKOS — and that of a newly-created one, Rosneft, have already been determined.

This event is important not only because two out of four former leaders among joint-stock oil companies have considerably gained in weight: LUKoil and YUKOS each added an extra 10 million tonnes of oil production a year; the companies' annual production volume will reach over 57 million tonnes and over 36 million tonnes respectively; and not only because it signals the emergence of yet another large non-state oil company — Rosneft's overall oil production will exceed 33 million tonnes. Generally speaking, one can say that the signing of these three decrees marks an end (or, to be more precise, nearly an end) to a struggle for oil enterprises that had absolutely nothing to do with oil.

From now on one may conclude that the idea of a single technological chain has become the main principle for structuring the Russian oil sector. Initially, upon the emergence of presidential edict No. 1403 and the commencement of setting up oil companies, this idea (the solely sensible one for oilmen) appeared to be put into practice — at least LUKoil, YUKOS, and Surgutneftegaz were organized precisely in this fashion. As early as the middle of last year, however, an alternative idea of putting regional interests first emerged and started quickly gaining support under the slogan of "Each region to have its own company." The regional principle has been championed not only by national republics, but also by certain oblasts and cities. (KOMMERSANT-DAILY has repeatedly described the collisions that have been caused by this approach). Naturally, regional authorities have had plenty of arguments in this struggle to justify their stance: Suffice it to mention the pervasive fuel crises in the second half of last year, when oil companies kept oblasts down at starvation levels, citing non-payments.

Nonetheless, the "technological" principle of forming oil companies still gained the upper hand. Oil companies are certain that the decisive factor proved to be the simple logical premise along the lines of "technological means efficient." There is one much-invoked example: Permneft's orientation toward the Perm Refinery will cost LUKoil \$100 million and enable it to cut transportation costs by more than \$10 per tonne of Permneft's oil production. Meanwhile, the enterprise's independence from LUKoil (which would have made it possible to create yet another "regional" company) to be achieved by laying a pipeline bypassing Perm would have cost at least \$400 million. YUKOS and Samarneftegaz have encountered similar situations. In the case of Rosneft,

however, the issue was not so much economic efficiency, but, rather, guaranteed deliveries to refineries that are fairly difficult to ensure within the framework of financial-industrial groups (lots of which are planned to be created). For this very reason Fuel and Energy Minister Yuriy Shafranik said, referring to one such project, "let these enterprises join a company first, and then they may team up with anyone and on any terms they like."

Final composition of three companies

LUKoil — Kogalymneftegazm, Urayneftegaz, Langepasneftegaz, Kaliningradmorneftegaz, As-trakhanneft, Nizhnevolzhskneft, Perm and Volgograd Oil Refineries.

YUKOS — Yuganskneftegaz, Samarneftegaz, Kuybyshevnefteorgsintez, Novokuybyshev and Syzran Oil Refineries.

Rosneft — Noyabrskneftegaz, Purneftegaz, Stavropolneftegaz, Krasnodarneftegaz, Kalmneft, Dagneft, Termneft, Omsk and Moscow Oil Refineries.

Zaveryukha Expects R18-20 Trillion in AIC Aid

MK1808092695 Moscow SEGODNYA in Russian
17 Aug 95 p 2

[Report by Mikhail Lantsman: "Government Persists in Bolstering Agroindustrial Complex to the Limit of 'Real Capabilities.' Aleksandr Zaveryukha, Though, Pins His Hopes on Regional Budgets."]

[FBIS Translated Text] Russian Federation Deputy Premier Aleksandr Zaveryukha, speaking to teachers and students of the Orel State Agricultural Academy yesterday [16 August], suggested that federal budget outlays for the agroindustrial complex [AIC] could amount to 18-20 trillion rubles [R] with a correction for inflation (the inflation ratio, according to Minister of Agriculture Aleksandr Nazarchuk, must reach 1.32).

In Mr. Zaveryukha's view, disputes over the necessity of state support for the AIC have already been left in the past and "it cannot be said that the government is taking no appropriate measures in this respect." In matters of state support for the agrarian sector, the government has proceeded and will, henceforth, proceed from real capabilities," he said.

The size of the budget appropriations cited by the deputy premier seems to point to the limit of the 1996 budget's real capabilities. In drawing up the state budget, the Finance Ministry tried to retain this year's R13.3 trillion level of outlays for agriculture. The agrarians, however, along with the Defense Ministry and the Committee on Defense Industry, took up their cudgels for the

allocation of financial resources in the early stages of budget planning. As a result, the Finance Ministry added R3.3 trillion to the agrarian sector when finalizing the budget.

Apart from federal sources of financial input, Mr. Zaveruykha pins great hopes on financial aid from Federation components' local budgets. It seems, however, that in the administration heads of large industrial regions, the budgets of which could survive more pressure, the agrarians are going to face not so much partners as competitors. Moscow Mayor Yuriy Luzhkov has already proposed that revenues from raising import duties for foodstuffs be channeled by the government not to agricultural producers, "who will devour them in any event," but rather to local budgets for the purchase of foodstuffs.

The agrarian faction in the State Duma, meanwhile, has not abandoned its long-cherished dream to set, on the lawmaking level, a permanent level of state expenditures for the AIC of 15 percent of GDP. In this case, the R18-20 trillion planned for by Mr. Zaveruykha would be exceeded several times over.

Russia Said Able To Cover Own Domestic Grain Needs

MM1708170395 Moscow KOMSOMOLSKAYA
PRAVDA in Russian 18 Aug 95 p 2

[Report by Marina Anikeyeva: "Grain Is the Trump Card in Agrarian Party Members' Fight for Budget Cash"]

[FBIS Translated Text] This year Russia's grain harvest may only total 45-50 million tonnes instead of the

expected 70-80 million. That is what specialists are forecasting.

The Ministry of Agriculture and Food explains that these losses are due primarily to the drought that has affected large areas (over 1 million areas of crops have perished in Orenburg Oblast beyond any hope of salvation) and also to the fact that the harvest that has been grown is shattering where it stands. There is an age-old reason for this — namely, the acute shortage of harvesting equipment and fuel and lubricants.

However the passions being whipped up over the future unattainable crust of bread seem somewhat exaggerated. Aleksandr Kalinin, chief of the Russian Government's Agro-Industrial Complex and Consumer Market Department, confirmed the possibility of Russia's meeting its food grain requirements with its own production.

One can only assume that all these delirious dances around the grainfields serve the purpose of the tub-thumping agrarians who are hoping on the eve of the state budget review to get their crust.

International Affairs

'General Understanding' Reached on Black Sea Fleet

LD1708191295 Moscow INTERFAX in English
1622 GMT 17 Aug 95

[Report by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others; from the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] KIEV, Aug 17 (Interfax-Ukraine) — The Ukrainian and Russian negotiators have come to a general understanding on two documents, on the guidelines on the Black Sea Fleet division and on the conditions of the Russian Black Sea Fleet's stay in Ukraine.

Sources in Kiev told Interfax-Ukraine that the draft of the first agreement makes Sevastopol the main base of the Russian fleet. On the other hand, the military experts have not agreed on a list of installations to be placed at the disposal of either fleet.

Under the draft of the agreement on the Russian fleet's stay in Ukraine, its units will abide by the Russian and Ukrainian legislature and never interfere in Ukrainian affairs.

The Russian navy ships will have to notify the Ukrainian authorities about their entry or leaving Ukrainian ports where the ships are stationed.

The Russian fleet servicemen will be paid in the Ukrainian national currency.

Sources say that the term of the agreement has not been agreed. The negotiators believe that this issue is up to the presidents of the two countries to decide.

The drafts are expected to be considered by the Ukrainian government presidium on August 17.

Foreign Ministry Endorses Accord

LD1708135795 Kiev UNIAN in Ukrainian
1130 GMT 17 Aug 95

[FBIS Translated Text] Kiev — The Ukrainian Foreign Ministry concluded that it has no objection to the text of the 3 August joint draft treaty between Ukraine and the Russian Federation on the status and conditions of Russia's Black Sea Fleet deployment on Ukrainian territory. A statement to this effect will be made at a Cabinet meeting today.

The only point of disagreement in the draft is a provision on the term of this treaty. With a 10-year option and a 25-year option under discussion at the negotiations, consensus was that a decision should be made by the Ukrainian and Russian presidents.

The Ukrainian side believes, however, that the Black Sea Fleet's responsibility for reclaiming the environment has been dealt with insufficiently, although Ukrainian negotiators did succeed in a clause stating the need for Russia to comply with environmental legislation in Ukraine being included in the draft.

National Affairs

Media Chief Briefs Press on TV, Radio Operation

LD1808110895 Kiev UNIAN in Ukrainian
0715 GMT 18 Aug 95

[FBIS Translated Text] Kiev — Viktor Petrenko, chairman of the National Television and Radio Broadcasting Council under the president of Ukraine, has held a news conference to discuss TV and radio operation in Ukraine.

The activity of the National Council has lately been fraught with conflict amid accusations that its decisions on broadcasting licences fail to objectively assess the potential of various TV and radio companies. However, at present consideration has been given to more than 100 applications for such licences, with 60 of those approved and 12 licences issued.

Uncertainty still surrounds the situation with the 30th channel, which so far carries TET television company programs. With effect from 21 August, this channel will also begin the relay of Kyiv TVRK broadcasts.

Airtime was halved, with 8 hours each given to TET and Kyiv. However, that did not resolve the dispute between the two companies, neither of which are happy about airtime allocation. The National Council has said it will make a final decision on this matter in 3 months. In the meantime, Kyiv TVRK must prove its worth.

A similar situation has arisen with Odessa TV's seventh channel. Both in Kiev and in Odessa, trouble began after the emergence of television companies which claimed municipal status.

As is known, another controversy flared up after Ukrainian TV was rechannelled and the airtime of Russian Public Television curtailed. The return of Ostankino to Ukrainian TV screens in its previous volume is unlikely, Viktor Petrenko said. He added that three options are now under consideration in order to find a solution.

ORT may be able to reclaim its previous channel on condition, however, that it dedicates 50 percent of its airtime to Ukrainian productions, with Ukrainian TV channels to be broadcast in those areas within the Russian Federation, where there are a considerable number of Ukrainians resident.

Option number two would mean the establishment of a new TV channel to fund Ostankino TV programs on the same condition.

The third option envisages the delegation of a decision on this matter to regional authorities.

Meanwhile, Ukraine's national television company has not yet been issued a licence to broadcast on the channel previously occupied by Ostankino. Similarly, negotiations with the latter have not yielded any specific results.

'No Return' for Russian Station

WS1808095795 Kiev UKRINFORM in English
0720 GMT 18 Aug 95

[From the "Current Events" feature]

[FBIS Transcribed Text] Speaking to mediamen in Kiev on Thursday, August 17, Viktor Petrenko, chairman of the National Council for TV and Radio Broadcasting, said there could be no return to Russia's Ostankino TV Studio broadcasting its programs across Ukraine via the latter's first TV channel, despite mounting protests from the Russophone audience.

According to Mr. Petrenko, the concept of developing Ukraine's national TV broadcasting system is in the making, which will give some room to foreign-based TV broadcasters.

As Mr. Petrenko further noted, a Russo-Ukrainian intergovernmental agreement might be signed to provide for reciprocal national TV broadcasting across the other party's territory.

Under such an agreement Ukraine would be allowed to broadcast its TV programs for ethnic Ukrainians in Russia's Kuban and Stavropol territories and polar regions.

Kiev Takes Steps To Return Ethnic Minorities

LD1708170695 Moscow INTERFAX in English
1231 GMT 17 Aug 95

[FBIS Transcribed Text] KIEV, Aug 17 (Interfax) — Ukraine's government has set aside an additional 2 trillion karbovaty to help the Crimean Tatars and people of other nationalities return to Crimea and start a new life there.

As Interfax has learned, last week the Ukrainian cabinet adopted an appropriate decision on measures to solve political, legal, social, economic, and ethnic problems in Crimea.

The Crimean government is asked to provide funds this year for setting up settlements of Crimean Tatars and other ethnic minorities in the republic.

The Ukrainian authorities intend to explore the possibility of using part of International Monetary Fund and other foreign loans for deportees.

There are also plans to send appeals to Russia and other CIS countries and urge them to ratify the Agreement on the Restoration of the Rights of Deported Persons, Ethnic Minorities and Nations.

Steps through diplomatic channels are also envisaged. The CIS Heads of State Council will discuss at its next session what could be done to help deported persons return to their homes and to sign appropriate bilateral agreements with Kazakhstan, Kyrgyzstan, Russia, Uzbekistan, and Tajikistan.

Ukraine's Foreign Ministry has been instructed to approach the authorities in Turkey, Germany, Bulgaria, Saudi Arabia, Iran, Lebanon, a number of other countries and international organizations and try to enlist their financial support for bringing deported nations back to their homelands.

Economic Issues

Deputy Prime Minister Reports on 'Lost' Harvest

LD1708164295 Kiev UNIAR in Ukrainian
1525 GMT 17 Aug 95

[FBIS Translated Text] Kiev [no date as received] — About 20 percent of the harvest, that is 8-10 quintals per hectare, are lost, first and foremost, because of poor quality of processing, lack of proper machinery, fertilizers, and so on, Petro Sabluk, deputy prime minister for the agro-industrial complex, has said at a briefing at the Ukrainian Cabinet of Ministers.

PRC Ambassador Notes 1994 Trade Turnover

LD1708193395 Kiev Radio Ukraine World Service
in Ukrainian 1500 GMT 17 Aug 95

[FBIS Translated Text] Trade and economic cooperation between China and Ukraine has good prospects for the future — the trade turnover between the two states amounted to \$837 million last year [1994], the Chinese ambassador to Ukraine, Pan Zhanlin, has told the press. He pointed out that the two sides were trying to diversify cooperation, set up joint ventures, and expand industrial ties between the firms that could supply products to the markets of the third states. The Chinese ambassador believes that significant attention should be paid to regional cooperation. This makes it possible to develop economic relations without mediators.

Pan Zhanlin said there are no conflicts between Ukraine and China, and the two states are reliable partners.

Joint Venture To Exploit Crimean Gas Deposits

*WS1808095595 Lvov INFOBANK in English
0710 GMT 18 Aug 95*

[From the "News Service" feature]

[FBIS Transcribed Text] SIMFEROPOL. On August 17 President Leonid Kuchma, presently vacationing in Crimea, paid a visit to the platform where natural gas is being extracted from the Shtormove sea shelf deposit.

This deposit is considered to be one of the most promising in Ukraine. With the support of the English firm JKK Oil & Gas, plans have been made to increase daily levels of natural gas extracted from the deposit to two million cubic meters. Two plans for the extraction of natural gas from the Black Sea shelf have been proposed: To either build a processing plant which will turn natural gas into liquefied gas or else construct a floating module for processing gas immediately adjacent to the platform. Oleh Ozerny, an employee in the Crimean Autonomous Republic's Council of Ministers who is working on questions of extracting oil and gas in Crimea, told an INFOBANK correspondent that construction of either the plant or the module will be carried out by a joint venture formed by JKK Oil & Gas and the state-owned manufacturing firm Chornomornaftohaz.

Privatization Progress in Jan-Jun Detailed

*WS1808102295 Lvov INFOBANK in English
0710 GMT 18 Aug 95*

[From the "News Service" feature]

[FBIS Transcribed Text] KIEV — Ukraine announced that 3,405 property items were privatized during the first half of 1995. The budget revenues from the sales were estimated at KBV [karbovantsi] 1,999.8 billion.

Though it was planned to privatize 9,656 small shops and retail outlets, only 2,309 or 23.9 percent of them were actually sold. There were 1,085 large enterprises privatized, or 27.3 percent out of the total planned number of 3,971. There were also 11 property items of the 'E' category privatized (the category includes unfinished construction, conserved production facilities, and the property of liquidated companies).

Privatization targets set forth by the Presidential Decree "On the Privatization Measures in 1995" were not reached in any of Ukrainian oblasts, with the Transcarpathian (68.9 percent), Odessa (49.9 percent), and Zaporizhzhya (44.4 percent) oblasts leading in small-scale privatization, and the Chernihiv, Mykolayiv,

Sumy, Kherson, and Poltava oblasts lagging behind with only about 10 percent of small-scale enterprises privatized. The results of small-scale privatization in other oblasts and in the city of Kiev did not exceed 30-40 percent.

The Kirovohrad, Odessa Oblasts and the City of Sevastopol fulfilled the plans for the privatization of large-scale enterprises for 81.2 percent, 72.8 percent, and 75 percent, respectively. However, in the Khmelnytsky Oblast only 10.4 percent of the planned number of large enterprises were privatized; in the Chernihiv Oblast, 14.8 percent; in the Donetsk Oblast, 17.2 percent; in the Ivano-Frankivsk Oblast, 16.8 percent; and only 0.5 percent in Crimea.

In general, 14,907 businesses and property items were privatized in Ukraine as of July 1, 1995.

Officials Discuss Reform, 'Destabilization'

*WS1708121395 Kiev UT-1 Television Network
in Ukrainian 1800 GMT 16 Aug 95*

[FBIS Translated Excerpt] A briefing was held at the Presidential Administration office on 16 August. Regardless of a traditional decline in the intensity of political events in our state in August, journalists showed an increased interest in the processes that are occurring in all spheres of Ukraine's activities. Their eagerness for information was satisfied this time by the state's officials, who were introduced at the opening of the briefing by Andriy Chyryva, deputy chairman of the Ukrainian president's Press Service. Ukraine Deputy Prime Minister Ivan Kuras; Volodymyr Kuznetsov, chairman of the Presidential Administration for Economic Issues; and Volodymyr Stelmakh, deputy chairman of the Ukrainian National Bank, answered the journalists' questions. This time, the primary issues addressed by the participants in the briefing concerned the implementation of economic reform in Ukraine, the future monetary reform, and problems which have developed in the financial area as a result of preparations for introducing the hryvnya. This is how the experts characterized and explained the financial destabilization which has occurred in Ukraine, which in their opinion is a temporary phenomenon.

[Begin Kuras recording] Among other reasons for the temporary financial destabilization, we can name seasonal factors, that is, the expected seasonal purchases of primarily agricultural products. However, I believe that this problem is not as urgent as it was last year. Among the factors which have partially caused destabilization are: the expected new prices and, primarily, the bad crop in Russia and the danger of shipping a part

of our grain to Russia, where it can be sold at a much higher world price. [end recording]

[Begin Stelmakh recording] We would like to add to all that has been said here that there is no tragedy. Currency, as well as any other commodity is subjected to inflation and devaluation. There are natural processes and the like. For instance, the rate of inflation as of 1 August amounted to 105 percent, while what you call currency devaluation I would not deem as such, given that it amounted to a mere 52 percent. This 15-day period has shown that there is an increased demand for foreign currency. [end recording]

As people say, we do not live on bread alone. There were many questions concerning the humanitarian sphere of our existence. In particular, preparations for celebrating Ukraine's Independence Day, the observance of the Law on Languages, and the problem of reburial Patriarch Volodymyr were also mentioned. [passage omitted]

Vice Premier Pynzenyk Sees Economic Improvement

AU1708192695 Kiev URYADOVYY KURYER
in Ukrainian 15 Aug 95 p 3

[Interview with Viktor Mykhaylovych Pynzenyk, vice prime minister for issues of economic reform, by URYADOVYY KURYER correspondent Volodymyr Ilchenko; place and date not given: "Without Stabilization, It Is Impossible To Emerge From the Crisis"]

[FBIS Translated Text] [Ilchenko] Viktor Mykhaylovych, you have been appointed as vice prime minister in charge of economic reforms, but where is the borderline between economic reforms and the economy proper?

[Pynzenyk] As follows from the experience of other countries, reforms at the macrolevel must be distinguished from those at the microlevel. There arise certain problems in dividing the functions and powers of the vice premiers. However, there is no problem in drawing a boundary between the macro and micro level. They only intersect in the sense that reforms at the microlevel must proceed within the limits of macroeconomic stabilization.

We must carry out structural changes. However, I do not understand why we need to build new plants when hundreds of available ones are dying. Although, if a foreigner feels like building a new enterprise at his own expense, let him go ahead.... Structural changes imply "going over" every enterprise, like the Germans once did.

We have already overstepped that boundary when we had to start structural changes. Just because someone cannot pay, because his products are not in demand, the entire production chain is halted. Such an enterprise punishes all the others. Therefore, we must decide what to do with it: To divide it among others, sell or give away the "dead" part, or change the type of production, so that it will work.

The Germans invested hundreds of billions of marks in East German plants. It could not have been otherwise, for East German enterprises would perish in competition with their Western counterparts on the world market. Well, in our case, there is still no need to compete with American or European products. Our enterprises must work at least for the domestic market. Therefore, we do not need hundreds of millions of German marks. Reasonable restructuring of plants, underscoring the social sphere and selling unnecessary facilities, does not require much money; on the contrary, it will give plants additional funds.

When changes start at a microlevel, there is no time to talk about privatization. It needs to be implemented at a sufficiently fast rate. Economic restructuring involves dismissing people and it is privatization alone that can create new jobs — small privatization and privatization of "ailing" enterprises and unfinished facilities....

[Ilchenko] As far as I am concerned, you have your own view of mass privatization. What is it all about?

[Pynzenyk] Collectivization is, in fact, a deception of the people and many succumb to it. Citizens must have the right to become owners, but it is a different matter how they make use of this right. In reality, division "into equal parts" is not fair. One person will invest his privatization certificate in an enterprise that will yield profits and dividends, while another will waste it on an unprofitable business. This is already inequality. Investors will never take their money to an enterprise where everything is decided through voting.... It is more attractive for an individual to invest his privatization certificate in an enterprise whose controlling block of shares is held by two or three people: This offers better guarantees that the enterprise will function. The proprietors, who invested much money in it, have something to lose.

[Ilchenko] Viktor Mykhaylovych, to what extent does monetary policy conform to the task of stabilizing production?

[Pynzenyk] If we do not want to learn from other people's experience, we must use our own. Enterprises are always short of circulating assets. We strive to replenish them by traditional means: credits or by

printing money. Everybody knows where this leads. Look at the graph showing the dynamics of the tangible circulating assets (in relative prices) and inflation. Prices have increased more than a hundredfold. From quarter to quarter, the circulating capital has decreased visibly, despite the incredibly large injections into the economy.

Circulating assets started increasing on 1 April 1994. That month, inflation was 6 percent; then, the following months, 5.5; 3.9; 2.2; and 2.6 percent. Circulating assets began to grow: by 9.8 percent in the first quarter, 11.3 percent in the second, and 29.7 percent in the third. From 1 October 1994, price liberalization started, the accumulated inflation potential exploded, and the sum of the circulating assets went down again. The growth did not start until the first quarter of 1995.

Besides, in conditions of inflation, the indexes of creditor and debtor indebtedness change. If one looks at the data for October 1994 and May 1995, the actual debtor indebtedness decreased by 9.1 percent. At the same time, over the five months of the current year, creditor indebtedness has decreased relative to the beginning of October 1994 by 23 percent.

For the economy to start emerging from the crisis, investment is needed. However, in conditions of inflation, they will not flow in. Investment will rush to those places where the turnover of capital is fast: to the sphere of entrepreneurship. The data on the credit structure in state and private sectors indicate that, by the beginning of November 1994, 51.4 percent of the credit was granted to private enterprises, even though they constitute an insignificant part of the ownership structure. Yet, these enterprises are mainly engaged in trade. In conditions of low inflation, by 1 July 1995, credit amounted to 34.7 percent in the private sector. This means that credit activity has shifted from the entrepreneur to the production sphere.

[Ilchenko] However, this shift is not so significant....

[Pynzenyk] You must remember that the bank is an intermediary working with invested capital rather than with its own money. To be able to issue long-term credit for production purposes, it needs long-term investment. Would you, for example, deposit your karbovantsi [K] in the bank for two years at a 50-percent annual interest rate?

[Ilchenko] No, I would not, because there is no guarantee that, tomorrow, this money would not be lost....

[Pynzenyk] Precisely. Yet, our population deposits U.S. dollars in the bank for two or three years.... Just imagine that, by the end of the year, the karbovanets [K] remains steady and inflation falls to 1 percent. Then confidence in it will also grow along with the number of long-

term credits. Today, deposits in banks constitute K320 trillion, but for just one to four months.

Consequently, both investment and circulating assets will only grow if the national currency is stable for a long period of time.

The dollar is losing value. Since the beginning of the reforms, it has, according to my estimates, depreciated by a factor of 2.5 on the Ukrainian domestic market. However, even in this case, people believe that it is more reliable to have savings in a freely convertible currency than in karbovantsi.

[Ilchenko] Incidentally, in August, the karbovanets exchange rate has fallen again....

[Pynzenyk] August has shown that, as soon as the monetary-financial policy has slackened, the karbovanets exchange rate relative to the U.S. dollar, German mark, or even the Russian ruble decreased by between 8 and 10 percent. In just 20 days of July, the sum of money large enough for a quarter was paid out....

It is possible that a trend toward an increase in real wages that has been under way for five months will stop. In June, it was 15.2 percent higher than in October 1994. In July, it increased by another 5 percent.

I want to emphasize that these changes in the exchange rates are in no way connected with the ban on the circulation of dollar cash. The karbovanets rate has also fallen against other currencies.

[Ilchenko] Is it possible to oust the dollar from cash circulation by administrative methods?

[Pynzenyk] It is impossible! But just imagine that we maintain inflation at 1 percent, or 13 percent a year (taking into account the compound interest). Monetary reform takes place and the karbovanets is replaced by the hryvnya at a ratio of 1 to 100,000. The so-called linked rate of exchange is introduced: 1.5 hryvnias for \$1. I purchase \$1,000 with 1,500 hryvnias. At the 13-percent annual inflation, the interest on the deposits will constitute 15 percent. This means that, in a year, I will get 1,725 hryvnias. The exchange rate of 1.5 hryvnias for \$1 at the 13-percent inflation may be maintained stable for a year (in our country, at the 84.9-percent price increase over six months, the rate of the dollar grew by just 31.4 percent). Therefore, with 1,725 hryvnias, I will be able to purchase \$1,150. An economic force emerges that compels one to get rid of his dollars. All countries in the transitional period began to avoid freely convertible currency, because it became more profitable to work with the national currencies.

[Ilchenko] According to the official data, in June, the inflation index was 4.8 percent and in July 5.2 percent. Do you fear that these figures are an underestimate.

[Pynzenyk] Of course, there is a certain inaccuracy here. Indeed, how can one take into account all prices so as to calculate inflation? A selection of goods was taken in accordance with international norms on the basis of which this index was calculated. Prices of some goods rise and of others fall. Not just prices are determined, but also the share of consumption of particular goods. However, the structure of consumption of products also changes. We took the 1994 structure as a basis, but, apparently, this year, it is somewhat different. Therefore, certain inaccuracies are possible. Unfortunately, statistics lag behind corrections introduced by real life.

[Ilchenko] Do we need to raise the consumer demand artificially? They say that, if the population's income increases, the consumption structure will improve....

[Pynzenyk] The policy of financial stabilization requires a proper monetary policy. The budget deficit is often due to poorly considered or populist decisions on the protection of the people. To this day, some politicians cherish an illusion that the ordinary citizen has long abandoned: Let us raise wages and everything will become all right.... Let us see how the structure of consumption changes with a change in wages. In October 1994, prices were freed and wages also had to be raised. However, the next month, real wages fell by 20.7 percent and two months later by another 18 percent.

In 1993, wages were increased in September and December. However, they later plunged, in fact, to a level below what existed prior to the increase. Wages must only be adjusted by budgetary spheres. The enterprises must earn money themselves and, accordingly, raise the income level.

I repeat that real wages are rising. The average [monthly] salary is \$50, in the petroleum-processing industry \$160, and in the nuclear power industry \$120. Although there still are many people with very low incomes, since we lost much income in the preceding years.

Cash must be backed by corresponding commodity provision. Over six months of the current year, consumer goods worth K556 trillion were manufactured and wages are there to purchase them. At the same time, the population's income constituted K838 trillion. The reserves of basic consumer goods are worth no more than K100 trillion. Therefore, an administrative increase of income will only worsen the citizens' situation.

[Ilchenko] However, on the other hand, the production of consumer goods decreases, and nominal wages grow. At the expense of what?

[Pynzenyk] It is an absolutely normal phenomenon, even though its mechanism is quite complicated. Citizens' incomes increase because the channels of the shadow economy's redistribution of incomes cease to function. When inflation is suppressed, these channels disappear. With a high rate of inflation, it is profitable to buy a commodity, keep it for two months, then sell at a new price, and pocket the difference. This is one example. A second example is the negative interest rates.... The population's incomes were eaten up by inflation, but now this part of income is redistributed as it should be. If the course toward stabilization is further maintained, it will be possible, without raising the volume of production, to increase the average income to \$100-\$120. Besides, an increase in income is possible in conditions when production rises in individual sectors only against the background of a general decline. It is important to develop the foodstuffs industry, construction, and the production of durable goods.

[Ilchenko] Do you feel pressure on the part of the industrial lobby and directors of state enterprises?

[Pynzenyk] There certainly is a problem. However, all countries with transitional economies have gone through this. Processes of financial stabilization have always been accompanied by immense political pressure. Only those countries that withstood this pressure have achieved success. The state has a possibility to influence directors — through contracts. Unfortunately, it does not use this possibility. Incidentally, on the instruction of the Ukrainian president, contracts with all directors of state enterprises are now being reconcluded. For an odd situation has taken shape: Some enterprises are standing on their own two feet and even increasing production, while others just keep falling to pieces....

[Ilchenko] What type of government would you consider to be the optimal one in present conditions: one based upon a coalition, a national accord, or politically like-minded people?

[Pynzenyk] Today, none of the three is possible. It would be best to have a government with four or five like-minded people — a nucleus of economic reform.

The problem of power certainly exists. In the present conditions, it is difficult to form a structure of executive power. This largely explains the financial crisis. The situation requires intelligent actions on the part of leaders.

There have now appeared many young people who are very bright and well versed in complicated economic

mechanisms. This is also a process of establishing the state, for we need to make our own decisions instead of fulfilling somebody else's instructions or directives.

[Ilchenko] It is known that you do not belong to any party. Is nonaffiliation your conviction or is it simply that such a party has not yet come into being?

[Pynzenyk] A strong and influential party of which I would love to become a member would be very timely for implementing the reforms.... Incidentally, we often meet and talk until late in the night with some deputies from different parties and blocs, and in 70 percent of cases, we find a common language.

[Ilchenko] Do you think that there exists a Ukrainian path of economic development?

[Pynzenyk] You see, two myths have prevailed in our country. One is that Ukraine has no chance of emerging from the economic crisis and that we are doomed to decline. It took between eight and 10 months to disprove such a opinion. The second myth is that Ukraine is unique and we need some special medication. True, any economy has its specific features. However, without stabilization, not a single country is capable of emerging from the crisis. There exist general principles that are typical of any economy.... We are not unique in what concerns reforms.

[Ilchenko] Thank you for the interesting interview and may you have every success in your very difficult work on the economic transformations in Ukraine.

Belarus

Lukashenka Lifts Ban on Special Investment Funds

LD1708191895 Moscow INTERFAX in English
1635 GMT 17 Aug 95

[Report by Nikolay Zhrebtsov and Andrey Petrovskiy; edited by Vladimir Shishlin; from the "Presidential Bulletin" feature]

[FBIS Transcribed Text] President Alyaksandr Lukashenka has lifted the temporary ban imposed on the activities of special investment funds which accumulate privatization cheques.

IF Note: Lukashenka suspended the funds on March 27. He said then that the funds commit numerous financial offenses and promised that he will not allow companies such as the Russian MMM pyramid in Belarus. The government was given a month to check the activities of the funds.

Petr Kapitulo, head of the president's analytical center, told Interfax that Lukashenka enabled all but three funds to resume their activities.

The First Investment Fund is attended to by the prosecutor's office. The People's Fund is, for some reason, in no hurry to improve its founding documents which do not reveal who owns the fund and what the shares of each owner are. The third fund, the Kosmos-invest company, has not taken off, probably because it did not start before the presidential ban.

Resumption of the SIF activities and continuation of the privatization process is one of the conditions under which the International Monetary Fund is prepared to grant Belarus a second tranche, \$250 million, of the stand-by credit.

Officials in the Belarus government told Interfax that Deputy Prime Minister Mikhail Myasnikov will fly to Washington one of these days to discuss the granting of this part of the credit.

IF Note: The scrutiny of the funds showed that a total of 38 of them had been registered. The number of founders ranged from 2 to 23. Commercial banks are involved in 20 funds, rented and privatized businesses in 11, joint ventures in 8 and individuals in 11. The scrutiny revealed that on numerous occasions the same founders set up different funds or funds were one another's founders.

In a year of active life the SIFs issues 86,125,500 shares of which just 7,858,600 were sold. Selling shares at a price above their par value was the most widespread offense. The charter capital of 16 funds was below 10 million Belarusian rubles, or \$830.

Numerous funds did not wait until accumulated personal privatization cheques could be used for their intended purpose and began to lend or exchange them. The funds also sold and purchased the cheques. The State Property Management Ministry experts regard this activity as brokerage, something which the funds are not supposed to be engaged in.

Official 'Outraged' by Transport Workers' Strike

WS1808074395 Minsk BELAPAN in English
0704 GMT 18 Aug 95

[FBIS Transcribed Text] The state authorities threaten to institute criminal proceedings against the participants of the strike at the Minsk metro. According to information received by BELAPAN from the Chairman of the Belarusian Independent Trade Union Syarhey Iwchyn, during his second meeting with strikers taking place this afternoon, the Minsk Mayor Uladzimir Yarmoshyn promised to pay urgently all the wages on account of the resources provided for the people who receive their wages from the budget.

Taking into consideration severe conditions of the people who will not get their wages from the budget the metro workers refused of their demand concerning the wages. However they stood firm with their principal demand — to relieve the head of the metro Uladzimir Nabeshka of his post. Mr. Yarmoshyn informed of his intention to send Nabeshka on leave and to resolve the problem of his staying at the position. This information did not satisfy the strikers.

Some hours later the metro was visited by the same Mr. Yarmoshyn followed by the head of the Control Service of the President Vasil Dalhalyow and Uladzimir Nabeshka. According to Mr. Iwchyn, they informed that the President was outraged by the events and warned the strikers of the sad consequences for them. The staff may be changed completely and criminal proceedings may be instituted against the organizers of the strike according to Article 186 of the Penal Code "Detriment to the Public Order and Hooligan Acts." Moreover, the authorities threatened that the special military troops may be involved into the conflict. According to the head of the Independent Trade Union of Metro Workers Uladzimir Makarchuk, at 5:30 PM the entrance into the building where the Metro administration sits is blocked by the militia demanding that the strikers leave the building.

Moldova**Russian Troops Destroy Ammunition in Dniester***LD1708125995 Moscow ITAR-TASS in English
1210 GMT 17 Aug 95*

[By Valeriy Dimidetskiy]

[FBIS Transcribed Text] CHISINAU, August 17 (ITAR-TASS) — Sappers from the limited contingent of Russian troops in the Dniester region of Moldova continued on Thursday the destruction (suspended three weeks ago) of the 14th army's ammunition which is unsuitable for transportation, ITAR-TASS learnt from Lieutenant-General Valeriy Yevnevich, commander of Russian troops.

"Stock-taking of ammunition whose period of storage expired, was carried out during the interval," Yevnevich noted. "It turned out that it was urgently necessary to blast 600 rounds of ammunition out of 4,000 remaining shells and mines.

"The rest can be kept. We calculated that it is expedient economically to destroy larger batches of ammunition: some 500 rounds a day."

The detonation of mines and shells of pre-war production takes place at a specially prepared testing ground near the city of Rybnitsa, taking into account security and ecological problems.

However, Yevnevich noted that "if we adopt such rates, work which can be done in several days, will be completed only by the beginning of September".

"As for destruction and utilisation of other ammunition at depots in the village of Kolbasno, a political decision by the Russian leadership is needed, which should be agreed with authorities of Moldova and the Dniester region," Yevnevich stressed. "If it is taken and appropriate funds are allocated, we shall start this work too."

The commander refuted some mass media allegations that depots of the 14th army will be an easy prey for arms-trafficking Mafia structures as a result of the army's reorganisation.

"Protection of depots was reinforced both with personnel and armour," General Yevnevich underlined.

Dniester Commander on Munitions, Equipment Disposal*MM1708140695 Moscow TRUD in Russian
16 Aug 95 p 2*

[Report by Aleksandr Tkhorov: "General's Commercial Deal"]

[FBIS Translated Text] Tiraspol-Chisinau — Silence temporarily reigns at an improvised test range near Kol-

basna [name as transliterated] Village near Rybnitsa [name as transliterated]. The commander of the Operational Group of Russian Forces in the Dniester region of Moldova and the local leadership are for the time being unable to agree on the resumption of the destruction, suspended since the start of August, of obsolete munitions whose removal from Army dumps is not only inexpedient but dangerous.

"If such a fuss had not been made about our work," Lieutenant General Valeriy Yevnevich, commander of the Operational Group of Russian Forces, said, the problem of recycling the munitions would have already been solved. Before the ban we had blown up around 5,000 shells and mines. There are only 4,500 left. It would be four days' work...."

The command still hopes that the conflict will be settled. An agreement has been reached that in the very near future munitions dating back to 1936-1938 will be hastily destroyed. The rest will remain at the dump for a while, but they too will ultimately be eliminated.

"Alongside the resumption of the detonations," V. Yevnevich continued, "we are starting to form up the four trains which will be used to withdraw the first consignment of military hardware from the Dniester region. An agreement on transit shipment across Ukrainian territory has already been concluded, despite the statements made by certain observers. This action, however, should not be identified with the start of the withdrawal of former 14th Army subunits from Moldova. It is nothing but our desire to get rid of surplus weapons, of which there are innumerable amounts in the region. Things are getting absurd in certain military units — there are five or more units of military hardware per soldier."

In order to ensure smooth passage for the trains, Lt. Gen. Yevnevich is prepared to conclude his first commercial deal as commander. The Rybnitsa Metallurgical Combine, which is on hunger rations, will be sold scrap metal worth more than 300 million rubles [R]. Which is clearly how the transit shipment across Ukraine will be organized.

Under the treaty, some of the "dual-use" equipment will be handed over to the Dniester side. This includes mobile radio stations, mechanical diggers, and other machinery that is not equipped with armaments.

Feelings are still running high over the former 14th Army's arsenals. There have been rumors that Tiraspol and Rybnitsa are full of emissaries from Bosnia-Herzegovina, Chechnya, and other "hot spots." The command of the group of forces is not ruling out attempts being made to infiltrate military dumps. That is why two platoons of soldiers in six armored personnel

carriers were sent to Kolbasna the other day to help the paramilitary security forces guarding the military dumps.

Gagauz Signs Economic Agreement With Moscow

*LD1708170095 Moscow ITAR-TASS in English
1324 GMT 17 Aug 95*

[By Valeriy Dimidetskiy]

[FBIS Transcribed Text] CHISINAU August 17 (ITAR-TASS) — An agreement on commercial, economic and trade cooperation between Moscow and the Gagauz autonomy was signed on Thursday by Ernest Bakirov, the First Deputy Premier of the Moscow government, and by Georgiy Tabunshchik, the head of the Gagauz administration.

Under the agreement, the Moscow government and the leadership of the Gagauz autonomy in south Moldova intend to consider setting up in the autonomy's territory joint ventures producing meat, tobacco, table wines and other goods.

Moscow intends to help design and introduce industrial plants for clearing water which are needed in arid Gagauz districts, to supply area for the opening of Gagauz stores and help train students from the Gagauz autonomy in higher educational establishments in Moscow. The supply of medicines to the Gagauz autonomy is also envisaged.

Kazakhstan

Joint Uranium Mining Venture Planned With Canada

LD1708190695 Moscow INTERFAX in English
1614 GMT 17 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 17 (INTERFAX) — The Kazakh Shareholding Company KATEP, specializing in nuclear energy and industry, Uranerz Exploration and Mining Limited and Cameco Corporation, both of Canada, announced that they will set up a joint venture to develop the Inkai and Munkuduk uranium deposits in southern Kazakhstan.

A trilateral agreement of intent was signed a few days ago, an Uranerz Exploration press release says. The proposal to form the joint venture is said to be endorsed by the Kazakh government.

Under the terms of the proposal each company will hold a one-third participating interest. The venture will rely on the in situ leaching process. The JV is expected to be managed by Uranerz and KATEP personnel.

Uranerz and Cameco are prepared to finance the project.

Uranerz will contribute to the project its specific expertise gained in other in situ projects and KATEP, its comprehensive experience in Kazakhstan. Cameco will contribute its knowledge acquired from operating, in Saskatchewan, the world's two largest uranium facilities.

KATEP is expected to export the JV products with the aid of the Canadian companies.

Kazakhstan is a leading uranium producer in the former USSR. The largest uranium ore deposits are in the country's south and north. According to Russian experts, Kazakhstan accounts for 29% of the former USSR's nuclear raw material, 44% of the explored reserves and 47% of the cost-effective reserves.

State Committee Analyzes Financial Deficit

954F3070A Al'maty EKSPRESS-K in Russian
11 Aug 95 p 3

[Report by State Committee of the Republic of Kazakhstan on Statistics and Analysis: "Mutual Nonpayments Eating Up the Economy"]

[FBIS Translated Text] During January-May 1995, the state budget was fulfilled for revenues (including sources for paying off the budget deficit) in an amount of 69.2 billion tenge, and for expenditures—65.7 million tenge.

In May of this year as compared to April revenues dropped by 23 percent, and expenditures—by approxi-

mately one-third. The proportion of revenues accumulated in the budget relative to the GDP during January-May 1995 as compared to January-May 1994 decreased by 0.6 percentage points and amounted to 19.8 percent, and expenditures increased by 0.4 percentage points and amounted to 18.8 percent.

The surplus in the state budget during January-May of this year, taking into account the sources for repayment of the budget deficit, was determined at 3.5 billion tenge (1 percent of GDP), and based on mandatory payments and deductions, expenditures exceeded budget revenues (deficit) by 5.7 billion tenge.

In the structure of revenues of the budget system the proportion of receipts of the main types of taxes (profit tax, income tax from the population, value added tax, excise tax, special financing funds) was 57 percent (37.1 billion tenge) as against 60 percent (10.2 billion tenge) during January-May 1994. The state budget of the republic on the whole during five months of this year as compared to the projected amount, taking offsets into account, failed to receive 3.2 billion tenge (5.6 percent of the projected amount), of which 2.3 billion tenge (19.7 percent) was profit tax, 0.5 billion tenge (22.8 percent) was excise tax, and 2.1 billion tenge (41.3 percent) was money for the road fund.

Of the overall volume of expenditures from the state budget, 43.7 million tenge, or 71 percent, was used for financing the basic expenditure items, of which 11.1 billion tenge (18 percent) went for state support of branches of the economy, 25.2 billion tenge (41 percent)—for sociocultural measures, and 7.4 billion tenge (12 percent)—for maintaining organs of state power, management, and law enforcement.

The financial condition of enterprises and organizations of the Republic of Kazakhstan remains difficult. During January-May of this year in the republic as a whole profit (not including agriculture, small enterprises, banks, and insurance organizations) nominally increased as compared to the corresponding period of last year 3.6-fold, including in industry—3.3-fold. At the same time the price index of producers of industrial products during this same period was 12.2-fold.

The number of enterprises operating at a loss is growing. During the five months of this year their number increased 1.7-fold and as of 1 June of this year reached 3,276 (42.5 percent of the overall number of enterprises), with total losses of 13 billion tenge. At the same time the number of enterprises and organizations operating at a loss varies among the branches from 27 percent in industry to 75 percent in housing. In Zhezkazgan, North Kazakhstan, Taldykorgan, and Tor-

gay Oblasts and the city of Leninsk during January-May more than half of the enterprises operated with losses.

The problem of mutual settlements of enterprises, organizations, and institutions continues to be crucial in the republic. The volumes of accounts receivable and accounts payable continue to grow from month to month. During May alone accounts receivable in the branches of the economy investigated had increased by 13.8 percent and as of 1 June 1995 exceeded 354 billion tenge, of which 19 percent and 163.6 billion tenge, respectively, was delinquent (deferred indebtedness makes up 46.2 percent of the overall volume of accounts payable). Since the beginning of the year their amounts have increased 2.4-fold and 3.1-fold, respectively.

Moreover, delinquent debts to suppliers increased during the month by 10.4 percent and for payments into the budget—by 30.2 percent, and as of 1 July of this year they were determined to amount to 80.8 and 30.6 billion tenge, respectively; as compared to January of this year these debts had increased 2.1-fold and 4.3-fold, respectively.

Accounts receivable of enterprises and organizations in industry, construction, transportation, and agriculture grew during the month by 16.6 percent and as of 1 June amounted to 259.8 million tenge, including defaulted indebtedness, which exceeded 123 billion tenge (increase of 24.6 percent) or 47.4 percent of the overall volume. As compared to January of this year the aforementioned amounts of indebtedness increased 2.1-fold and 2.9-fold, respectively. Indebtedness continuing for more than three months amounted to 88 billion tenge (72 percent of the overall sum) and during May increased by 39.6 percent, and as compared to January—4.3-fold.

1995 Budget Expenses Exceed Receipts

954F3069A Almaty EKSPRESS-K in Russian
11 Aug 95 p 3

[Article by Kenes Kasymov: "The Government's Budget Labyrinth"]

[FBIS Translated Text] Thanks to the disbanding of parliament and the protracted pause in elections of new deputies, we have been watching the Cabinet of Ministers fly free for almost a half-year. There is no opposition sticking spokes in the wheels. There is a head of the state who believes in the market spirit and the government's pragmatism and has signed for the latter all the laws the prime minister and his team had championed for so long. Nevertheless, the 1995 budget, adjusted in July, presented to the taxpayers the government's true situation, hidden behind the bubbling optimism and cheerful smiles of its members.

"Debts, weapons, and bureaucrats" is the way one can describe the substance of the new budget. Expenses exceed revenues by 39.4 billion tenge, or \$650 million at the official exchange rate. The budget deficit is equal to 26 percent of the revenue. Steep! Considering that over the past five years only \$11.41 million have been brought into Kazakhstan through foreign financial aid. These are mainly loans. Paris promised another billion, but this will also be in the form of loans. The government does not have its own real money. The bankrupt Cabinet of Ministers intends to cover the budget deficit through foreign loans (37.9 billion tenge, or 80 percent of the deficit) and so-called "internal sources of financing"—mainly the National Bank's credit resources. This is how the Cabinet of Ministers "solves" the two-pronged task: by increasing foreign debt and undermining the credit base of the national economy. We still remember this kind of policy: It used to be conducted by the USSR Council of Ministers and State Bank.

Naturally, line items for expenditures on servicing foreign loans taken to make up for the budget deficit (!) automatically begin to creep into the budget. In addition to the foreign debt, money also has to be spent on the internal state debt. The budget-95 is a paradox: Three times less money is spent on paying off the internal debt than on servicing and paying off foreign loans. The total expense on carrying the national debt amounts to 15 billion tenge a year (almost 1,000 tenge per capita). In this situation, the government finds it necessary to beef up defense and law enforcement. "Muscle" structures get 28.3 billion tenge, or 18.8 percent of the budget. For comparison: The Government of Kazakhstan sacrifices 12 percent of the budget for education, science, health care, and culture. In 1992, appropriations for the "muscle" structures comprised 6.1 percent, and in 1993—11.4 percent. Thus, Kazakhstani "hawks" achieve their goals regardless of government reshuffling. It is easy to predict that in about five years half the national budget will be spent on military and police structures. Kazakhstan clearly is not about to make "Farewell to Arms!" its motto. There is only one fate awaiting the social and cultural sphere—cuts. Statistics confirm that the "golden age" of this sphere in Kazakhstan ended in 1991. At the time, 45.9 percent of the budget was earmarked for it. Immediately after acquiring independence, this share began to shrink fast. The country may enter the next millennium literally cultureless.

Budget-95 bodes well for bureaucrats. Appropriations for the maintenance of bodies of authority and administration comprise 8.2 percent of the budget. Add to this expenses spread over other line items—for orga-

nizing the treasury, the tax police, and maintenance and supply administrations, and other "small items." It will all add up to 10 percent. This is a record-setting pace for building a law-based state turning full speed into a bureaucracy-based one. In the years "before independence" about 1.5 percent of the budget was spent on state administration. Expenses on the State Bank for Development, the Rehabilitation Bank, and Eximbank stand out like poles in the budget—11 percent. Where does such Cabinet of Ministers generosity in spending and confidence in its ability to repay the debt come from? The revenue side of the budget unequivocally shows an absence of sources for such optimism. Approximately 60 percent of budget revenue is comprised of nontax revenue. On one hand, this is good, because until 1993 the tax burden was unbearable. Taxes comprised 90-95 percent of budget revenue. On the other hand, current income is not very stable and not at all the kind we would want. We were promised fabulous bonuses and royalties for our mineral wealth, interest in the form of gold and foreign currency deposits. In the budget, all this comprises far from a fabulous share—a paltry 7 percent (472 tenge per capita, or 16 Snickers bars). With such income we will never catch up with Kuwait. Privatization of state property will provide 8.8 percent of revenue (594 tenge per capita). Forcing enterprises to pay their debts will bring in a hefty 18 percent, but only for the period these debts can be squeezed out of them. If we leave aside the Cabinet of Ministers income from reselling grain (7.8 percent) and the mythical income of the National Bank (3.3 percent), everything else the government gets, directly or indirectly, comes out of the taxpayers' pockets. And this is actually what makes up the stable part of the state revenue—somewhere around 80 billion tenge. In other words, if, God forbid, Kazakhstan's situation worsens and reforms are suspended, the budget deficit may climb to the point of becoming equal to its revenue side.

The Cabinet of Ministers is well aware of this, being on the threshold of the peak of payments on the foreign debt. It is not accidental that the government has begun talking in the language of the disbanded parliamentary opposition—about the new industrial policy, the need to support domestic producers, and protection of domestic markets. It is not accidental that the system of special payments "on a contract basis" has been instituted for investors in the most attractive sectors. Neither is it accidental that the National Bank's leadership, whose roots go into the executive—not banking—authority, demonstrates loyalty to the government by generous infusions into its revenue. The budget-95 signals the beginning of a new round of economic reforms in Kazakhstan. Our economy is facing a future of once again going through stronger state regulation and interference, and returning

to administrative-centralized management methods. In the worst case scenario, the authorities may even go as far as renationalizing the economy.

Kyrgyzstan

Turkish Prime Minister Concludes Official Visit

LD1708122295 Moscow ITAR-TASS in English
0940 GMT 17 Aug 95

[FBIS Transcribed Text] BISHKEK August 17 (ITAR-TASS) — Turkish Prime Minister Tansu Ciller concluded her visit to Kyrgyzstan today. The visit was devoted to strengthening and development of all-round cooperation between the two countries.

During the visit the Turkish prime minister held talks with President Askar Akayev and Prime Minister Apas Dzhumagulov.

Bilateral inter-governmental agreements on cooperation in the field of environmental protection, on setting up of a joint commission for trade and economic cooperation, a protocol of intent in connection with a plan to create a joint bank. An agreement on state regulation of credit resources is expected to play a big role in speeding up investments in the Kyrgyz economy.

Speaking to journalists, Tansu Ciller said that she considers her visit to be very fruitful. According to Ciller, the sides have managed in Bishkek to agree upon joint plans in the field of development of education, power engineering, agriculture and the mining industry. The two countries expressed their intention to cooperate in the field of the defence industry as well, including in the production of military equipment for sale in the world market. Tansu Ciller announced about the Turkish government's readiness to subsidize any promising programmes on development of the Kyrgyz economy.

As Lyudmila Glazovskaya told TASS in Ashgabat, Tansu Ciller arrived in the Turkmen capital today. She will begin talks with President Saparmurat Niyazov in the afternoon. The visit working schedule includes a series of talks on economic issues. The sides will pay special attention to contacts with Turkish businessmen actively entering the Turkmen market.

Prime Minister Hails Results

LD1708192895 Moscow INTERFAX in English
1635 GMT 17 Aug 95

[Report by Nikolay Zharebstov and Andrey Petrovskiy; edited by Vladimir Shishlin; from the "Presidential Bulletin" feature]

[FBIS Transcribed Text] Prime Minister Apas Dzhumagulov said on Wednesday a recent visit to Kyrgyzstan by his Turkish counterpart, Tansu Ciller, had solved

the main problems in the two countries' trade and economic cooperation.

Dzhumagulov, speaking at a news conference in Bishkek, expressed "deep satisfaction" with the results of Ciller's visit, which resulted in two accords — to appoint a commission on trade and economic cooperation and combine forces in protecting the environment.

The two nations also agreed to give priority in their cooperation to the energy, microelectronic, military and mining industries and agriculture.

Ciller said pointed out a joint project to generate and export electricity. She also said her country was ready to raise funds to convert some of Kyrgyzstan's defense enterprises to civilian production and make them manufacture goods that are able to stand competition in the world market.

"Although earlier Turkey provided a loan of \$75 million and all of it has not yet been spent, much more funds will be allocated for Kyrgyzstan to carry out projects in the priority fields mentioned earlier," the Turkish premier said.

She said a delegation from Turkey's Planning Committee would soon come to Bishkek "to discuss the new joint projects in concrete terms."

During Ciller's visit the two countries also reached an agreement to step up their cultural contacts, including student exchange programs. Turkey expressed willingness to accept more Kyrgyz students than until now.

During her stay in Bishkek, Ciller was awarded a prize of the Ruhaniyat international association and a degree of doctor honoris causa of Kyrgyzstan's National Academy of Sciences "for services in economics and the implementation of economic reforms in her country, and also in appreciation of the fact that she became the first woman to head the government in a Turkic state."

Tajikistan

Opposition Leader Signs Protocol in Kabul

LD1708181095 *Kabul Radio Afghanistan Network*
in Pashto 1530 GMT 17 Aug 95

[FBIS Translated Text] A protocol on achieving peace in Tajikistan was signed this afternoon in the Afghan

Foreign Ministry by Sayed Abdullo Nuri, leader of the opposition Islamic Rebirth Party, in the presence of the UN envoy.

A BAKHTAR correspondent reports that, following peace efforts by Ramiro Piriz-Ballon, the UN envoy to Tajikistan, agreements have recently been reached by the government of Tajikistan and the opposition party; the protocol of these agreements had previously been signed by President of Tajikistan Emomali Rakhmanov. The above protocol was signed today by esteemed Sayed Abdullo Nuri, leader of the Tajik opposition party, in the presence of esteemed Dr. Najibollah Lafra'i, minister of state for foreign affairs, and Mr. (?Salovich), special UN envoy.

According to this agreement, the cease-fire has been extended for another six months and talks for achieving a durable peace will be continued. Emphasis was also made on the safe, honorable, and voluntary return of the refugees in consideration of the economic and social rights and a guarantee they will be looked after.

The report adds that during the signing ceremony, Mr. (?Salovich), and Mr. Sayed Abdullo Nuri, expressed thanks and gratitude to esteemed Borhanoddin Rabbani, president of the Islamic State of Afghanistan, for the role and sympathetic cooperation toward the process of resolving the Tajikistan issues through talks and understanding.

Russians, Rebels Agree To Remove Firing Positions

LD1808065595 *Moscow Mayak Radio Network*
in Russian 0530 GMT 18 Aug 95

[FBIS Translated Text] A representative of the command of the Russian troops in Tajikistan and Tajik opposition rebels have agreed to remove firing positions in Gornyy Badakhshan region. Two days ago, rebels deployed a rocket launcher, a mortar and a sub-machine-gun in the area where a detachment of border guards is stationed. They demanded that border guards open the Tajik-Afghan border.

Armenia**Clash on Northeastern Border Reported**

NC1708161695 Yerevan NOYAN TAPAN in English
1107 GMT 17 Aug 95

[FBIS Transcribed Text] 17/08/95 NOYAN TAPAN — Late on August 16, tranquility was violated at the North-Eastern section of the Armenian-Azeri border.

Armenian Defense Ministry reported that from 00:20 to 03:30 Azeri armed formations shelled with mortars and machine-guns the defensive positions of the village of Berdavan of the Armenian Noyemberian region. No casualties were reported.

Armenian border troops made adversary stop the fire.

Dissident Hovhannesian 'Exiled' From Russia

NC1708184195 Yerevan NOYAN TAPAN in English
1238 GMT 16 Aug 95

[FBIS Transcribed Text] 16/08/95 NOYAN TAPAN — According to reliable sources, last week the law-enforcement of Russian Federation exiled from Russia (namely its capital Moscow) Chairman of the fund for "Promotion of Russian-Armenian Cooperation" Eduard Hovhannesian.

Bagratyan on Gas Transfer Problem With Georgia

NC1708141595 Yerevan ARAGIL ELECTRONIC
NEWS BULLETIN in English 0806 GMT 16 Aug 95

[FBIS Transcribed Text] Yerevan ("AZG" daily), 08/16/95 — "Election program of the Hanrapetutyun alliance is real", said Prime Minister of Armenia Grant Bagratyan, who participated in its creation as a member of ANM [Armenian Pannational Movement] board.

According to Prime Minister, only construction of hydroelectric plants on the rivers of Araks and Debed may not succeed, depending on financing. ("AZG" comments that agreement of Turkey would be required for construction of a power plant on Araks, construction cost for the power plant on Debed would be \$250 mln.)

Grant Bagratyan said that despite great difficulties, 18 hours per day power supply schedule will probably be established by the end of August. A decision about taking power from the Nuclear Plant will be made after 10-15 days of investigations.

Prime Minister clarified the situation with the supply of natural gas. Armenian should have received 2.1 bln.cu.m. [billion cubic meters] of natural gas by 1 August, but only received 1.5 bln. Our current debt to Turkmenistan is equivalent to 10 percent of consumed gas. The main problem is that Georgia used 600 mln.cu.m. of natural gas for Armenia this year (2.5

mln.cu.m per day), worth \$47 mln. Naturally, Armenia is not able to pay the debt of Georgia. After negotiations in Ashgabat the Armenian side was forced to pay for gas crossing the Georgia-Russia border. Armenia will pay a certain percentage of received gas for transit through a 267 km. section in Georgia. As a result of negotiations, the price of this percentage was subtracted from the price paid to Turkmenistan, which reduced from \$80 to \$76. Of this amount \$26 will be paid in hard currency, the rest — with consumer goods.

If Georgia consumes more gas, it will have to pay for it within first 5 days of the coming month, otherwise it will have to pay a fine of 183 percent per annum.

Grant Bagratyan added that the agreement about clearing trade with Georgia, signed in 1992, was canceled. He added that Georgia makes an annual \$35-40 mln. profit as a result of railway transportation to Armenia.

Bagratyan: No Protective Tariffs To Be Imposed

NC1708185995 Yerevan SNARK in English
0905 GMT 16 Aug 95

[FBIS Transcribed Text] Yerevan, August 16 (SNARK) — Armenia will not protect local manufacturer through increasing tariffs on imports. According to Armenia's Prime Minister Grant Bagratyan, the best way to regulate the market is through free trade. Any customs restriction on imports or exports in a small country like Armenia will cause price increases and a worsening in the quality of goods.

Azerbaijan**Reportage, Commentary on Failed Coup Attempt****Latest Coup Attempt Described**

NC1708163595 Baku TURAN in English
1141 GMT 17 Aug 95

["Who Prepared Another Putsch in Azerbaijan?" — TURAN headline]

[FBIS Transcribed Text] Baku/17.08.95/TURAN — A month ago the law-enforcement bodies of the republic attempted to arrest ex-Defense Minister, General Vahid Musayev, but they failed. Vahid Musayev in civilians clothes passed by the employees of the special services waiting for him, but they did not recognize him. The credible sources assure Vahid Musayev was let go and this is the beginning of new putch.

A little bit later the rumours that the former Chief of the General Headquarters, General Shahin Musayev, who quit his affairs and was not interested in military issues any more, arrived in Baku.

On the same period the sources from Moscow reported, several senior officers of the Azeri Army conducted confidential meetings with the top leadership of the Russian General Headquarters. According to unofficial data, those persons arrived sought for the support in combat against President Aliyev. The same source assure in Moscow they were recommended to count on their own strength.

After October events of 1994 ex-President Ayaz Mutalibov announced about creation of Civil Union, which unites the whole military opposition against the current Azeri President. Official Baku assures these forces prepare new coup. It should be mentioned that the leader of the party of National Independence, Etibar Mamedov, had recently announced about the prepared putch. He assured the situation is to be deteriorated in September.

At the same time the authorities did not present the data proving the preparation of the coup. The basic sources of information mention the leader of the self-proclaimed Talysh-Mugan republic, Alikram Gumbatov. "Gumbatov's detention gave answers to many issues", President Aliyev said yesterday. In his speech President Aliyev many times called Moscow as the centre of anti-Azerbaijani forces.

As far as the arrested generals are concerned, it is known that they resigned 2-3 years ago.

Vahid Musayev was close enough to Suret Guseynov. Ex-Premier has made an attempt to appoint Musayev the Defense Minister in 1993, but failed. At the end of the same year he was relieved from the office and dismissed from the Army.

The former Chief of the Headquarters, Shahin Musayev fought in Afghanistan, then since the beginning of the conflict with Armenia, he returned to Azerbaijan. Rahim Gaziyeu appointed him the Chief of the General Headquarters. The greatest losses of Azerbaijan in Nagorno-Karabakh — Hojali, Shusha and Lachin cities — are connected with the name of Shahin Musayev. After relieve from his office in 1992, Shahin Musayev was the military advisor of Abkhazian leader, Vladislav Ardzinba, and then he left for Russia.

According to unofficial data, he was arrested in Kirovograd (Russian Federation) and then brought to Baku.

Within different periods Rafik Agayev took the offices of the Chief of Mobilization Management of the Defense Ministry and the Commander of the Interior troops.

As far as the group of senior officers of the Defense Ministry who were involved in the preparation of the

putch, are concerned, presently military Prosecutor's Office conducts their examination.

Mutalibov Denies Staging Coup

*LD1708205795 Moscow INTERFAX in English
1614 GMT 17 Aug 95*

[FBIS Transcribed Text] MOSCOW, Aug 17 (INTERFAX) — Azerbaijan's former president Ayaz Mutalibov has dismissed charges of complicity in the government coup attempt brought against him by the Azerbaijani leaders.

"I have absolutely nothing to do with all this," he told INTERFAX. Mutalibov said he lacked the clout and a political organization to influence affairs in Azerbaijan.

At the same time Mutalibov said he was prepared to resume his political activity in Azerbaijan irrespective of the post, but added that he failed to see the necessary conditions for this to occur. "I still have the potential to serve my people and my country," Mutalibov said.

Azerbaijan's former president is certain there is no chance of staging a government coup in Azerbaijan now. He says Azerbaijan is a police state from which "not even a single mouse can slip out."

He described the events of last October, March and August as pseudo-coups.

Last October and March there were coup attempts by the Baku riot police. Mutalibov was named as one of the organizers.

Mutalibov said that all such pseudo-coups were protests against the current regime, which went back on its pledges.

"In Azerbaijan not a single problem has been solved, except for freezing combat operations. However, hostilities may flare up any time because the Karabakh problem remains unsettled in principle."

At the same time Mutalibov believes that tensions in Azerbaijan were due to clashes between criminal clans, and that the authorities take great pains to mask this fact.

Mutalibov said that just as the Baku authorities accuse him of activity against the state, Baku also tries to make the Azerbaijani people think that Russia, where he has lived since May 1992, is interfering in the internal affairs of Azerbaijan.

He believes that the policies of the current leadership are strongly biased towards the West and run counter to Azerbaijan's traditional policy oriented towards such traditional partners as Russia and other CIS countries:

"To persuade people to support that policy the authorities have to constantly talk of a threat from the North," Mutalibov noted.

Minister Calls Attempt 'Futile'

LD1708120195 Moscow INTERFAX in English
1030 GMT 17 Aug 95

[FBIS Transcribed Text] BAKU, Aug 17 (INTERFAX) — Azerbaijan's Security Minister Namik Abbasov has dismissed as futile attempts to stage a coup in the republic.

"There is no social basis necessary for plotters to succeed, nor would the people accept them," he declared in an interview with INTERFAX Thursday.

The thwarting of an attempted coup was announced by President Geydar Aliyev at a session of Azerbaijan's Constitutional Commission Wednesday.

He disclosed that the plot had been prepared since May by a group of senior republican defense ministry officers, headed by three former top-ranking army generals — ex-defense ministers Vakhid Musayev and Rafik Agayev and former chief of staff Shakhin Musayev.

According to Aliyev, the plotters were led by ex-president Ayaz Mutalibov, ex-prime minister Suret Guseynov, ex-defense minister Ragim Gaziyeu, and former republican KGB chief Vakif Guseynov. All three, as Azeri officials claim, are in Russia.

Abbasov also revealed to INTERFAX that the signal for the start of a coup in Azerbaijan should have been an explosion on a railway bridge over a highway, leading from Baku's downtown to the airport, while President Aliyev's motorcade drove under that bridge.

An explosive device was discovered on the bridge on August 1. According to an official report put out by the republican Interior Ministry then, the device consisted of two metallic boxes, each containing over 70 kilograms of trotyl (TNT).

Abbasov said that the booby trap had been discovered following testimony by a group of earlier arrested persons.

The detained men also identified the plotters, who were detained after the explosive had been found.

Since then, Abbasov pointed out, "a large group of coup organizers has been arrested in Azerbaijan." Asked how many ministers the latest group of arrested men had, he replied that they numbered "more than ten", including two generals — Vakhid Musayev and Rafik Agayev.

Abbasov reported with reference to evidence from some of the detained officers that new arrests might follow. He

noted that many of the already exposed plotters are in Moscow and elsewhere in Russia and other CIS states. The group includes some of the top aides of ex-president Ayaz Mutalibov and former premier Suret Guseynov.

At the same time, Abbasov voiced the conviction that "the Russian government has nothing to do with this."

Asked why Russia has never heeded Azerbaijan's repeated requests to detain the former senior republican officials and extradite them to Baku, Abbasov only said that "there are certain forces in Moscow trying to do their business in Azerbaijan."

The latest coup attempt is the third since Aliyev became president. The previous attempts — one last October and the other last March — were launched by Baku's special police squad and were also organized by Mutalibov and Guseynov.

Aliyev Addresses Constitutional Committee Members

NC1708075695 Baku Azerbaijan Radio Televiziyasi
Television Network in Azeri 1640 GMT 16 Aug 95

[Speech by President Geydar Aliyev at the Azerbaijan Constitutional Committee meeting in Baku on 16 August — recorded]

[FBIS Translated Excerpt] Esteemed Constitutional Committee members, this is a regular meeting of the committee which has drawn up Azerbaijan's constitution. I want to express my views on the work that has been done and the efforts made in preparing the draft constitution.

Recall that the Constitutional Committee met on 3 June. We pointed out the committee's tasks at that time. The first was to draw up the republic's draft constitution and the second was to draw up the republic's draft election law. Since we established the date of the elections, we decided it necessary to have the draft election law drawn up before the draft constitution. We decided to hold parliamentary elections on 12 November, 1995. So, the Constitutional Committee focused its attention on the draft election law to help the Azerbaijan National Assembly prepare for the upcoming elections. The committee held several meetings. At the first meeting, working groups to prepare draft laws were organized. They carried out strenuous work, drawing up several variants that were studied by the committee. A final draft, reflecting the committee's general approach, was drawn up and submitted to the National Assembly. Other draft laws were also submitted and debated. The Constitutional Committee's draft election law was approved on 13 August. I signed the law yesterday.

I want to inform the Constitutional Committee, the working group, and all those who have been invited to attend this meeting that the election law is the outcome of a very intense and productive effort. The main goal of the Constitutional Committee's work was that the election law would be a constitutional law, part of the constitution we planned to adopt. Our objective was to draw up a constitution and establish a parliament in accordance with our strategy. We had to have constitutional laws which would maintain Azerbaijan's independence, establish a legal and democratic government, and allow for the enactment of serious economic and social reforms. These laws would help Azerbaijan exist as an independent and democratic republic. We had to have an election law and a constitution, which is the main law. The draft election law we submitted to the National Assembly was drawn up to meet those requirements. [passage on the National Assembly's work on the election law omitted]

The National Assembly has finalized the draft election law and I am convinced that it fulfills democratic principles. It is a very important document for the establishment of our democratic parliament and state. It also shows that we are maintaining our direction. We will establish a democratic, legal, and secular [dunyevi] state in Azerbaijan. We will continue working to achieve our objective. In fact, we have taken very valuable first steps.

I want to thank and congratulate the Constitutional Committee, the working group, and the National Assembly. I believe that we have carried out significant work, the outcome of which will be very favorable. I want to resolutely stress the serious work and significant steps taken to establish a democratic, legal, and secular state in Azerbaijan and maintain democracy in the republic. We have shown independent Azerbaijan's direction to the entire world.

Statements were made by the opposition circles and several newspapers during the debate of the draft law and after it was enacted that it is antidemocratic. A Moscow Television Network report said the Azerbaijan National Assembly adopted a law on elections, but a representative of the National Independence Party disclosed that none of the opposition's proposals were approved. That was the first time I was informed on the matter. Later, the opposition newspapers claimed the election law was antidemocratic and that the opposition's proposals had been rejected.

The opposition parties always criticize the government, but everything must have a limit. If we are to establish a civil state, then everything must be within the bounds of contemporary principles. Exceeding those bounds to

make weak statements neither adds to the dignity of those who make them or contributes toward the effort to strengthen our society.

I have been very surprised by the claims. I can explain the matter to you. Look at this document. The paragraphs, sentences, and words that have been changed are crossed out with a red pencil. Look at this page. One third of it has been changed. I can show you all the other pages. What does that mean? It means that serious changes have been made. Yes, one third of this page has been crossed out. That is a significant change. Let us look at another page. An article has been excluded from it. However, I do not want to waste your time. Nor is there a need to show all of this to you. I have mentioned it to explain the situation. So, our colleagues, citizens, and those who think about Azerbaijan's future must all maintain a fair approach.

Chairman of the National Assembly Rasul Guliyev has disclosed the number of representatives who addressed the final session. He also disclosed the number of proposals that were made and the number of proposals that were approved. All that is common knowledge. I also want to say that I have been informed that many of the changes that have been effected were proposed by opposition deputies. They have been included in the creation of the election law. Is it not unfair to say that none of the opposition's proposals have been accepted? Is it not unfair to say that the law is undemocratic? Who has described the law as undemocratic? They are the members of the opposition. How can they describe it as an undemocratic law? It is comparable to the election laws in the democratic and developed countries of the world. I can resolutely say that it does not lag behind the election laws adopted by the former Soviet republics who achieved their independence and joined the CIS. In fact, it is better than most of them. This is reality. Then, why has it been described as an undemocratic law? [passage further criticizing opposition's views on the election law omitted]

The election law has been enacted and our task is to put it into effect. We still have significant work to perform. A strenuous effort was made in getting the law adopted and more strenuous work is required putting it into effect by holding parliamentary elections. Elections must be held on 12 November. The law has established a time factor for all measures that have to be taken. The requirements of the law must be fulfilled on a timely basis. The Central Election Committee will be responsible for the implementation of the law and Jafar Veliyev has been elected chairman. I am convinced that members of the committee will be elected during the National Assembly's next session. The Central Election Committee must begin its work and I believe that Jafar

Veliyev has already begun to perform his duties. Our executive organs, including local executive authorities, must move to contribute toward the Central Election Committee's work. The National Assembly, the Central Election Committee, and the executive organs must cooperate to put the election law into effect.

We want to establish a democratic parliament for our independent republic. Political parties, including the ruling party, and individuals who want to take part in the elections must establish their own platforms. Our government's platform is quite clear. We have disclosed the strategy and objectives behind our effort to establish our state. I want to reiterate that political parties and individuals who want to take part in the elections must act in according to the course Azerbaijan has followed. What does that mean? Azerbaijan's independence must be safeguarded and the Azerbaijani people's national freedom is a great treasure which must be protected. That is our objective and no one can deter us.

One of independent Azerbaijan's most important tasks is to restore the republic's territorial integrity. Armenia's aggression has violated our republic's territorial integrity. The Armenian military forces have occupied a part of our territory. That is the most serious and intolerable situation in Azerbaijan. The principle of territorial integrity and inviolable borders enhances the independence of world nations. Our republic's territorial integrity has been violated. Its border, which had been recognized by international organizations, has been violated. This state of affairs has to be rectified and we have made consistent efforts to do so. We have used every means available and will maintain our effort in the future.

The cease-fire agreement has held for 15 months — clashes have not taken place, shots have not been fired, and we have no martyrs. That is a factor contributing to the effort being made to solve the problem. We have tried to use that factor and will continue to do so in the future. The political parties and other forces, which want to maintain Azerbaijan's independence forever, must channel their effort toward the solution of the present problem. They must work to contribute to the effort to liberate Azerbaijan's occupied territory, restore the republic's territorial integrity, and safeguard the border inviolability. They must work to secure the return of nearly 1 million citizens who have been forcibly evicted from our republic's territory. This is one of the main objectives of our policy to establish our state. Each and every individual who wants to be elected to the parliament, to a political party, or to contest the parliamentary elections, must uphold those principles.

We have tried to establish a secular state. We want to protect human rights and create an atmosphere of freedom. We want to establish political pluralism, freedom of thought, and freedom of faith. We want to create conditions that are favorable for our republic's economy by adopting the free market system and encouraging entrepreneurs. These are the main principles we uphold in the economic field to construct our new state and society. That is our policy, and those who support the state, must establish a platform on the principles.

Serious measures have been taken for that purpose. Laws have been enacted and put into effect for reform in the agricultural field. A privatization program has been drawn up to change the ownership system. The program, which has been debated and approved, will greatly improve the acquisition of private property. An initiative will be made to realize it in the near future. Reform is a serious process. The work that has been carried out has not been easy; it will completely change the economic systems that were applied for many years. It will also change the behavior of the people in the economic field. A new atmosphere will be created in our society. We are in an important transition period. We have to resolve very difficult problems. Nevertheless, we all have to live through this period. The government has taken the necessary measures and the people must be further informed on the principles we uphold during the current election era. They must be informed that we will not relinquish our principles. They must be informed that we will establish and develop our life on the basis of those principles.

Social stability is required to achieve our objectives in Azerbaijan. It is common knowledge that social and political stability has been seriously disrupted in our republic during the past five or six years. So, those who want to see Azerbaijan as a republic which stands on its own two feet must work during the election campaign by maintaining stability, establishing good relations among various groups, and solidarity among citizens.

Our foreign policy is common knowledge. The work that has been carried out is quite clear. The main, most fundamental, objective in our foreign policy is to safeguard Azerbaijan's independence and obstruct anything that may harm it. You have observed that the relations we have established with foreign countries during the past two years, including the agreements we have signed and the talks we have held with them, were aimed at having Azerbaijan recognized as an independent country. They were aimed at maintaining Azerbaijan's independence forever. We have carried out significant work for that purpose during the past two years. We have established direct relations with many

countries. Talks have been held with the leaders of influential countries and very important documents have been signed with them. All that confirms Azerbaijan's independence every minute, day, and hour.

Azerbaijan is represented in every international organization. It has addressed the most influential and esteemed organizations in the world. The Republic's president has addressed the UN General Assembly. He attended the summit of CSCE heads of state. He briefed the summit on Azerbaijan's views. Azerbaijan outlined its views at the Organization of Islamic Conference [OIC]. It has persuaded the OIC to adopt several documents that were necessary for our republic. Meanwhile, Azerbaijan has joined the CIS. While safeguarding its independence, it tries to benefit from the opportunities provided by the CIS. Our republic has also joined the Parliamentary Assembly of the Black Sea Economic Organization, the EU Parliamentary Assembly, and other similar assemblies.

We are trying to establish good and friendly relations in every field with the neighboring countries. We have achieved our objective. We have very normal relations with Russia, Turkey, Iran, and Georgia. True, some forces are trying to disrupt our relations through acts of sabotage. But their activities are unimportant. We have favorable relations and we are determined to improve them.

We have joined NATO's program, Partnership for Peace. We have signed the program and participated in it. We have established close relations with the EU Economic Committee. We cooperate with it and benefit from its support. We also cooperate with the World Bank. That has been achieved through the significant reforms we have realized to liberalize our economy. Furthermore, we cooperate with the IMF and other financial centers. Obviously, the foreign countries and international organizations are taking the necessary measures to extend loans and credit to Azerbaijan to help us build our state and establish democracy. All this shows that our republic has taken its place in the international community by maintaining its direction and strengthening its independence daily.

We have opened our republic to world economic developments. For example, a great oil contract was signed in Baku on 20 September 1994. It provides for cooperation involving Azerbaijan and several international oil companies for the extraction of oil from the oil fields in the Azerbaijani sector of the Caspian Sea. It is one of the world's renowned contracts. It is not just a piece of paper. We are now in the second half of 1995. I can say that the funds that have been allocated by the oil consortium have been used to realize the work that must

be carried out. In other words, the contract has been put into effect. Many other large companies, including oil companies, have been interested in Azerbaijan's natural resources and economic potential. Their representatives have visited our republic and informed us that their companies want to establish relations with us. The process is continuing. That shows the consistent progress in our foreign economic relations.

Considering our principles and our achievements at home and abroad, we have decided to hold elections. But I want you to study the principles the opposition forces will uphold when they contest the elections. If they are similar to our principles, then why do they oppose us? Some circles in the opposition groups are worried that we may harm Azerbaijan's independence. They believe that they are concerned with our republic's independence more than the leading officials are. But time has shown that they are wrong. Several circles believe they are the only supporters of democracy in Azerbaijan. They believe they support democracy and that others do not. Well, the laws that have been enacted and the measures that have been taken have shown that that is not the case. We have introduced democracy and we have strengthened the democratic principles in Azerbaijan. That was our responsibility. Safeguarding Azerbaijan's independence is not easy. You must be aware of that.

You have been informed by the newspapers and other sources of the pressure that has been put on Azerbaijan. You know of the effort to place Azerbaijan in difficulty. You also know of the demands that have been put to our republic. The signing of the oil contract required significant courage. You know the problems Azerbaijan had to deal with after the contract was signed. Yes, the people, including the opposition groups, are aware of all that. But I have not hesitated. Nor have I been afraid. We will continue to support our independence. We know we will be confronted with problems and disasters. But nothing will force us to turn away from our independence.

The president retains his position as head of state and is safeguarding the republic's independence, resisting all pressure on him. However, certain forces stand in concert and do nothing but make statements about the need to safeguard the republic's independence. If the objective of the opposition forces is to maintain Azerbaijan's independence, then they must realize that we are safeguarding our independence, regardless of the significant pressure we have to deal with. I have said several times that we will fight for our independence forever. If the opposition groups regard themselves as democratic forces that support democracy, then

they must realize that we have realized democracy in practice, not in words.

Considering all that, why should our relations be like those that exist between administrations and opposition groups? Obviously, there are no difference of views between the administration and the opposition forces on principles. So what is the objective of the opposition groups? Well, they want to come to power. However, they have to consider whether or not they will be able to carry the heavy burden of administration if they come to power. Will they be successful? Developments have shown that those who are clamoring the loudest were unsuccessful when they came to power in the past.

I want to stress that I do not want to eliminate or crush the opposition parties in Azerbaijan. Undoubtedly, opposition groups must exist in every democratic society. However, they must be aware of the principles which they and the administration uphold. If those principles are different, then they must maintain their opposition. If they only want to come to power, then [words indistinct]. They will not be regarded as a steadfast opposition. So, as the president of the republic, as a person who shouldered significant responsibility by signing the election law yesterday, and as a person who wants to see the election law go into effect, I want our republic to have a healthy society. I want it to have a truly democratic society. I want a healthy political opposition in our society. I want the opposition groups to disclose their principles, which will have to be different from those of the administration. I want them to explain why they oppose the administration. Yes, that is what I want. Naturally, the views of the opposition groups may prevail, that is, if they serve the interests of the people and the country.

Regrettably, the formation and development of the opposition is a serious and tragic page in our history. Parliamentary elections were held in Azerbaijan in 1990. Deputies were elected to the then Supreme Soviet. The parliament has been modernized [words indistinct]. What has taken place in Azerbaijan during the past five years? The administration changed several times. Azerbaijan was confronted with the threat of a civil war several times. It was saved from such a tragic situation many times.

The administration was changed in 1992. An effort was made to change the administration three months later. New forces came to power. The Azerbaijan People's Front [APF] came to power. It ruled the country for a year. Certain forces ousted the APF in June 1993. The ousting of the APF Administration was not important. What was important was the fact that Azerbaijan was divided. A civil war broke out. The officials were forced

to step down. They fled. One of them resigned and fled. We have received no further information about him. Another fled and is living in a different town. Several others also resigned.

However, they tried to establish an opposition group to come to power. Well, they were already in power. They should have remained in their positions if they believed that they were successful. Who could have stopped them from doing so? But if they were unsuccessful, then they should have withdrawn into a corner to gain experience for a few years. That has not been the case.

The opposition groups joined forces, regardless of the fact that they were even opposed to each other. A coup attempt was frustrated in October 1994. Another coup attempt was blocked in March 1995. There were no similar attempts after that, but there were terrorist activities. They wanted to destroy a bridge, but we blocked that.

A military group made up of generals recently made an effort to stage a coup. The group was discovered and several of them were sent to prison.

Why are they trying to destroy Azerbaijan? They must realize that Azerbaijan is one of the most unfortunate republics in the entire world, even without their antics. Armenia attacked our republic seven years ago. Some 20 percent of Azerbaijan's territory has been lost because of the republic's leaders were incompetent. More than 1 million people have become refugees.

All that must be considered. However, two months ago they planned to achieve their objectives by force of arms. Can there be a more serious crime or act of treachery against the people? All those developments are linked.

Why did the forces in power fail to safeguard the government in June 1993? I want them to account for that. I want to ask former President Elchibey, former Chairman of the National Assembly Isam Kamberov, former Prime Minister Penah Guseynov, and other officials why they failed to safeguard their government. Why was a useless person like Suret Guseynov able to take over the administration together with Rahim Gaziyeu and other individuals? They showed how unsuccessful they were during the year they were in power. They failed to work and showed that they did not have any desire to do so. Consequently, no one supported them. Can you imagine, a bandit like Suret Guseynov was daring enough to lead a group of armed men from Ganja to Baku. How could that have been possible if the government had acted like a government? The criminal activities were due to the fact that the

criminal elements worked together in the past. They later separated and struggled to destroy each other.

Rahim Gaziyeu was the person responsible for all the crimes that were committed after 1990. He cooperated with Ayaz Motalibov. [passage omitted on further criticism of Gaziyeu and Motalibov]

Many of these incidents have been investigated and brought to light. I want to inform you that the republic's law enforcement organs have recently carried out successful work. I have pointed out their mistakes and deficiencies several times. You will recall that the leading officials of the law enforcement organs removed the officials I appointed in the past. However, the new officials were not very successful either. I am pleased to note that the law enforcement organs have significantly improved their work. Consequently, many criminal activities have been brought to light. I want to note the work that has been carried out by the Ministry of Internal Affairs, the Ministry of National Security, and the special administration [not further specified] to facilitate the operations. I also want to note the work that has been carried out by the procuracy to quickly complete the investigation of the incidents in a professional way. [passage omitted further praising the work of the law enforcement organs]

We received reports several times that Mahir Javadov, a member of the OMON [Special Purpose Police Detachment] group, had fled and was hiding in Ukraine or Russia or another country. We also received information that his supporters were making an effort to bring him back. They realized that establishing another armed group was impossible. Rahim Gaziyeu distributed leaflets. He made statements recorded on videotape. Several people read his statements, which said: We are here and we have 2 million supporters. They also said we will do this and that. Suret Guseynov and Ayaz Motalibov said in Moscow that they had established unity among the citizens.

In another statement, Motalibov urged the people to establish a party that would represent the dissatisfied. Yes, the party of the dissatisfied. That was unfounded. They all joined their forces and created incidents in March, but they were unsuccessful. They fled. But they regrouped their forces and tried to stage another coup. General Vahid Musayev, General Shahin Musayev, General Rafiq Agayev, and several other officers acted in accordance with the instructions of Rahim Gaziyeu, Ayaz Motalibov, and Suret Guseynov and moved to place the military forces under their control to stage a coup in Azerbaijan. Several have been sent to prison. They have admitted what they did. They have revealed that they began their work in May. Can you see the

situation we are in? I can clearly inform you that I spend half my day trying to obstruct these problems. Their activities can be described as acts of sabotage. We had to take action. The people had to be protected. The nation and government had to be protected. They had to be protected against the criminal elements. [passage omitted further criticizing the activities of Gaziyeu and his colleagues]

We have to draw conclusions from all that and hold the parliamentary elections in a healthy frame of mind. There is a great need of highly qualified people in the parliament. The people to be elected must be wise and respected. They must act with common sense and be loyal to their people. Intellectuals must be elected to parliament. The parliament's structure must improve the well-being of Azerbaijan's society. It is common knowledge that the parliament is a branch of our government. The president is the head of the executive organ. The parliament is made up of 125 deputies. They must be qualified enough to represent the people of the republic. As such, they will be able to cooperate with the president to improve the republic.

The opposition in the parliament must maintain a steadfast position. It must be a political opposition. No military opposition or armed opposition can be established. We will not allow that to happen. Unfortunately, that has been a reality in Azerbaijan for the past few years. That is a fact that has tarnished our life. [passage omitted on Aliyev's opposition to the Communist Administration in the former Soviet Union]

I did not oppose the APF Administration that came to power in Azerbaijan after the communist regime collapsed, regardless of the fact that the APF acted in an unjust way many times. No one can say that I criticized the APF. On the contrary, I supported them in the election campaigns in Nakhichevan. I supported many APF members in the elections. I used my influence to support them. People asked me who they should vote for; I told them to vote for the APF candidates. Why did I do that? It was because I saw a new strength in them. They could use it to achieve Azerbaijan's independence and national freedom. [passage omitted on Aliyev's past support for the APF]

However, I am convinced that our society has significantly improved and it will continue to improve in the future. Treacherous elements like Rahim Gaziyeu, Suret Guseynov, Ayaz Motalibov, and others have been removed from Azerbaijan. Our people are now able to do anything. For our part, we will work to strengthen our community. I hope that the elections will be held in a healthy atmosphere. I hope that good deputies will be elected to the parliament.

A debate was held on the political parties yesterday. Appropriate views were outlined. I believe that the Ministry of Justice must work intensively. The political parties must be registered if they are within the framework of the law. That also applies to the APF. Yes, that is my viewpoint. However, every political party must be bound by the law. Special conditions cannot be created for anyone. The political parties must realize what they are and register accordingly. In fact, that is why we provided in the election law for extending the duration of the registration period for political parties for 20 days. So, I want to instruct First Deputy Minister of Justice [name indistinct] Gasanov and his ministry to work hard to help the political parties to overcome their shortcomings and complete their documents properly. You must help them to inform you of their status as political parties. They must be able to submit the documents required by law. That will enable you to accept them as political parties. I will not order the unlawful registration of any political party or person. Everything must be in accordance with the laws. [passage indistinct]

Supreme Soviet Head on Importance of Israeli Ties

NC1708150595 Baku Azerbaijan Radio Televiziyasi Television Network in Azeri 1300 GMT 17 Aug 95

[FBIS Translated Text] Chairman of the Supreme Soviet Rasul Guliyev today received Israeli ambassador to Azerbaijan Yelizer Yotwat.

[Begin off-screen correspondent recording] During the meeting, Rasul Guliyev discussed the mutual ties between Azerbaijan and Israel. He noted that the Azerbaijani leadership gives great importance to multifaceted cooperation with Israel and is working to develop ties between the two countries.

Ambassador Yotwat conveyed to Guliyev the congratulations of the Israeli parliament speaker on the adoption of the Azerbaijani elections law. He noted that the 12 November parliamentary elections will be an important social and political event in Azerbaijan, which has embarked on the path to democracy. Yotwat added that Israeli parliamentarians will monitor these elections.

Rasul Guliyev said current conditions will be fully utilized to ensure democratic elections in Azerbaijan. [end recording]

Guluzade on Russian Relations, Nagorno-Karabakh

NC1708142495 Baku TURAN in English 1902 GMT 15 Aug 95

[FBIS Transcribed Text] BAKU 15/08/95 TURAN — "Report" about my addressings in the US, published in "KOMSOMOLSKAYA PRAVDA" the other day is a

provocation aimed at worsening of the Russian-Azeri relations," told at today's press-conference the Advisor of the President for Foreign Affairs Vafa Guluzade.

According to Guluzade, he had visited the National Press-Centre in Washington. "Some time later I learned from the Azerbaijan's Ambassador to the US Akif Pashayev that a resume on the results of my meetings was prepared and distributed in Washington. But all my words were distort completely," Guluzade said.

He said that on his arrival to Baku he met with the Ambassador of Russia to Azerbaijan Aleksandr Blokhin and told him about that. "But some days later the articles appeared in the Russian press, saying on behalf of my name, that Russia was the main enemy of Azerbaijan. People who had wrote those articles aimed not at me but at the president Geydar Aliyev and Azerbaijan," noted Guluzade.

The advisor considers that the articles in the Russian press were initiated by the Armenian lobby in the USA.

Speaking about the problem in the Armenian-Azeri conflict Guluzade noted that the position of Azerbaijan in that question would not change — Nagorno-Karabakh cannot be exchanged. At the same time he noted the negotiation process was very difficult. "It can be explained by our support the following of the principle of territorial integrity but they offer us the options which cannot be accepted," he said. Guluzade confirmed that Baku was ready to give Nagorno-Karabakh the status which would not violate the territorial integrity of Azerbaijan. "There cannot be any talk about federal relations with Nagorno-Karabakh," he noted.

Guluzade told TURAN that the representatives of Armenia hinted during the talk that the route of the oil pipeline passed through the territory of that country. "I answered them that in such case they have to withdraw the Armenian troops from the territory of Azerbaijan, must recognize Nagorno-Karabakh as the integral part of Azerbaijan " Guluzade said.

Democratic Congress Statement on New Election Law

NC1708190095 Baku TURAN in English 1120 GMT 17 Aug 95

[FBIS Transcribed Text] Baku /17.08.95/ TURAN — The law on elections adopted yesterday by Azerbaijani Parliament did not take into account the proposals of the opposition, that would have promoted conduction of elections in democratic atmosphere, reads the statement of the Democratic Congress.

The statement notes the law creates unequal conditions for political struggle and there is lack of the system of control over the course of elections.

"There is artificial tension in the country: many members of the opposition are arrested, the activities of political parties are limited.

"The existence of the political censorship gives the authorities the opportunity to conduct one-sided propaganda and the Ministry of Justice creates artificial obstacles for registration of political parties", the statement reads.

"The session of the Milli Mejis on August 15, that discussed the law on elections, reminded of 1937, when people were announced terrorists and enemies of the nation without the investigation and trial", the statement mentions.

Georgia

German MP Meets Speaker, Premier, Deputy Premiers

LD1708193995 *Tbilisi Radio Tbilisi Network in Georgian 1700 GMT 17 Aug 95*

[FBIS Translated Text] Willi Winner, the vice president of the Parliamentary Assembly of the European Union and the chairman of the Germany-Caucasus group of the German Bundestag, has arrived in Georgia. He had a busy day today.

The honorable guest was received by Vakhtang Gogvadze, the speaker of the Georgian Supreme Council. They spoke about the great traditions of cultural relations that had linked Georgia and Germany for centuries. Over recent years, the years of Georgia's independence, the German Government has many times reached out a helping hand to Georgia. Mr. Gogvadze thanked the visitor for this. Then, the parliament speaker briefed the visitor on the activities of the Georgian Supreme Council. The conversation also touched upon Abkhazia. In this connection, Mr. Gogvadze said that the settlement of the issue had to have a direct link to Georgia's interests and the protection of its territorial integrity. Mr. Winner emphasized Russia's role in this issue. Although Russia has its own interests and intentions, it will still play a positive role in the settlement of the Abkhazian issue in order to improve its stained image in the eyes of the international community after the Chechnya events. In addition, Russia needs neighborly relations with the European countries and NATO.

The next meeting took place in the Georgian Cabinet of Ministers. The prime minister thanked Mr. Winner for the profound assistance Germany rendered Georgia.

He indicated that the German Government allocated 40 million German marks for the development of Georgia's power engineering. German experts are participating in restoration work carried out at Tbilisi district power station, and with their help a power generating unit will be put into operation on 15 November. It was indicated during the conversation that economic and political stabilization can be observed in Georgia.

The meeting was attended by Norbert Baas, the German ambassador extraordinary and plenipotentiary to Georgia.

Also in the Cabinet of Ministers, Mr. Winner had a meeting with Deputy Prime Minister Temur Basilidze who briefed the visitor on what had been done in the sphere of economics in recent years. Mr. Winner emphasized the relation of Georgia's economic well-being with the settlement of internal conflicts, the issues of Abkhazia, and Samachablo [former South Ossetia].

The German visitor then met Deputy Prime Minister Irakli Menagharishvili. The conversation again dealt with the Abkhazian and Ossetian conflicts and methods to settle them. They also spoke about the activities of the European mission in Georgia and its role in the settlement of these conflicts. Fruitful cooperation with the German embassy in Georgia was pointed out. In conclusion, Irakli Menagharishvili thanked the visitor for the assistance and support the German Government rendered Georgia.

Constitutional Provision on Impeachment Approved

LD1708192195 *Moscow INTERFAX in English 1635 GMT 17 Aug 95*

[Report by Nikolay Zherebtsov and Andrey Petrovskiy; edited by Vladimir Shishlin; from the "Presidential Bulletin" feature]

[FBIS Transcribed Text] The Georgian parliament approved Thursday a Constitution article on impeachment of the president.

The president cannot be dismissed unless he is found by the Constitutional or Supreme Court to be guilty of trespassing the Constitution or high treason or a common crime.

The deputies also approved other Constitution articles on the country's parliament and decided to continue the debate until August 19.

The articles adopted by parliament outline the functions of the parliament chairman and his deputies, parliamentary committees, party groups and parliament bureau, the procedure of calling an emergency session of parliament by a presidential order.

The day before the deputies agreed that 150 members of the new single-chamber parliament will be elected on party tickets and 85, in single-seat constituencies. The number of those elected on party tickets was increased from 65 because the opposition demanded this just before the vote was taken.

Parliament is expected to debate the constitutional chapter on the judicial authorities Friday.

David Berdzenishvili, a leader of the opposition United Republican Party, told Interfax that the constructive way in which the Constitution is discussed made the opposition to agree to certain compromises and enabled the deputies to make significant amendments to the draft such as increasing the number of MPs elected on party tickets and elimination of deputy prime ministers, "an absolute unnecessary."

Estonia

Finance Minister Predicts Tight Budget for 1996

WS1808110495 Tallinn BNS in English
1010 GMT 17 Aug 95

[FBIS Transcribed Text] Tallinn, Aug 17, BNS — Finance Minister Mart Opmann is of the opinion that Estonia's state budget for 1996 will be the most difficult to balance since the monetary reform in 1992.

In an interview with the POSTIMEES newspaper, Opmann rejected Culture Minister Jaak Allik's suggestion that an unbalanced budget be drawn up for next year. "The budget was balanced (last year), is balanced this year and must be balanced next year as well," he said. "Estonia has no other possibility."

In Opmann's words, the state revenue base will not expand significantly next year. "The forecast of revenues seems to be pretty accurate, particularly with regard to corporate income tax," he said.

Finance Ministry calculations put next year's state revenues at 10.19 billion kroons. Opmann said in a comment that the Tax Department and the Customs Department will have to start working as effectively as possible to get a firm grip on the revenue base.

Ardo Hansson, an economics adviser to Mart Laar's government, has more than once warned the present government against a too optimistic prognosis of revenues.

Latvia

Parliament Agrees To Send Peacekeepers to Croatia

LD1708162695 Riga Radio Riga Network in Latvian
1500 GMT 17 Aug 95

[FBIS Translated Text] The Saeima today allowed a unit of peacekeepers of the National Armed Forces, within a Danish battalion, to take part in the United Nations' international peacekeeping operations in Croatia. The Latvian volunteers will be deployed in Croatia from 23 August of this year until February next year. The resolution adopted by the Saeima says that the government may revoke the participation of the Latvian unit in the international peacekeeping operations if there is a violation of the regulations on the use of Latvian units of soldiers in the law on the participation of the Latvian National Armed Forces in international operations. Preliminary tasks relating to training and the necessary funding of the trip to Croatia and back will be covered by the Danish side. Soldiers' wages paid from the Defense Ministry budget and amounting to an average of (?60) lats in cash, will be paid by the United Nations. This will take place for only two years.

Foreign Minister Birkavs Departs for Estonia

LD1708192395 Riga Radio Riga Network in Latvian
1700 GMT 17 Aug 95

[FBIS Translated Text] This evening Foreign Minister Valdis Birkavs set off for Parnu, Estonia, where this evening there are to be talks between the Latvian foreign minister and Estonian Foreign Minister Riivo Sinijarv. During the meeting they will discuss regional security problems. Birkavs and Sinijarv will talk about issues relating to the Nordic and Baltic countries' foreign ministers' meeting due at the end of August.

Lithuania

New Peacekeeping Platoon To Arrive in Croatia

WS1808110895 Tallinn BNS in English
1010 GMT 17 Aug 95

[FBIS Transcribed Text] Vilnius, Aug 17, BNS — The platoon of 39 Lithuanian soldiers on the UN peacekeeping mission in Croatia will fly back to Denmark on Wednesday [16 August] evening. It is planned that they will remain in Denmark until August 19. On that day a Lithuanian plane will be sent to Denmark which, as reported, will bring the platoon LITPLA-2 to Karmelava Airport in Kaunas on Saturday at 6:30 P.M.

This second platoon of Lithuanian peacekeepers has served in Croatia since February as part of the Danish battalion.

As Povilas Malakauskas, director of international relations of the Ministry of Defence, told BNS, LITPLA-3 is scheduled to fly to Croatia on Friday, replacing the second platoon. LITPLA-3, together with the second Estonian platoon, is currently awaiting its mission in Denmark.

IMF Representative Views Inflation Situation

LD1508190095 Vilnius Radio Vilnius Network
in Lithuanian 1300 GMT 15 Aug 95

[FBIS Translated Text] An IMF representative has said that the growing inflation in Lithuania would not be a matter of concern if it were caused by government measures that have been recommended by the IMF.

Last week Prime Minister Adolfas Slezevicius said that this year's inflation will reach approximately 30 percent, while the targeted level is 25 percent. The prime minister then noted that such an increase is not a tragedy.

Meanwhile, Peter Cornelius, the IMF representative in Lithuania, says that it is vital precisely to identify the factors that are causing the inflation. There would not

be anything to worry about if inflation were increasing due to growing apartment heating prices, since we have always suggested reducing government subsidies for this sphere; the same can be said about the improved tax collection, Cornelius told a BNS correspondent. However, this year inflation increased twofold because of rising prices for food products, and this factor does not meet the approval of the IMF, Cornelius said. Food products went up in price at the beginning of the year and in July, which was one of the main causes of inflation. In July, there was a specifically high price increase for sugar and flour because of the short supply of these products.

Cornelius noted that there are still five months left until the end of the year, and said that there are hopes of the annual inflation being lower than 30 percent. He also noted that this year the structure and dynamics of inflation in Lithuania have significantly improved, if compared to Latvia and Estonia.

'Cooperative Nugget-95' Exercise Assessed

WS1608125795 Vilnius ELTA in English
1921 GMT 15 Aug 95

[From "News Bulletin" No. 821]

[FBIS Transcribed Text] Vilnius, August 15, ELTA — The US-based joint NATO and Partnership for Peace (PFP) Cooperative Nugget-95 military exercises appeared to be useful for our troops as they were faced with unusual weather conditions, Lithuanian Army Commander-in-Chief general Jonas Andriskevicius said.

Almost 40 degrees Celsius heat and flasks three times as large as usual were very tiring for a group of the second year students of the Lithuanian Military Academy, general Andriskevicius said at a news conference in Vilnius.

All other previous military exercises attended by our troops were held on the European territory.

Lithuanian peacekeepers are stationed in Croatia.

In this respect, the present joint NATO-PFP exercises held in the United States provided a unique experience, the commander said.

The Cooperative Nugget exercises held from 10 to 28 of August in Louisiana, U.S., costed Lithuania around 52 thousand Litai, Defense Ministry secretary Valdemaras Sarapinas said.

The money was enough for the acquisition of the clothing and ammunition of the troops as the travelling expenses and living costs are to be covered by the United States Government.

The Partnership for Peace Programme had been this year allocated a total amount of 8.8 million Litai by the Lithuanian Government, Sarapinas said.

Prime Minister on Increasing Pensions, Wages

WS1708095995 Tallinn BNS in English
1900 GMT 16 Aug 95

[FBIS Transcribed Text] Vilnius, Aug 16, BNS — Prime Minister Adolfas Slezevicius announced that the government, and not the municipalities, would compensate residents for increased heating costs. Moreover, pensions and budgetary salaries would be increased as soon as the heating season begins.

In a live interview over Lithuanian Radio on Wednesday, the prime minister said that, as of October 1, pensions, minimum wages and salaries of civil servants would be raised. These increases are possible thanks to higher budgetary revenue.

The prime minister emphasized that compensation for heating cost increases would be paid to low-income families by the central government and not the municipalities.

The government had "sufficient funds" to pay this compensation, and the source of financing "had basically already been found."

Compensation would be paid to those families whose heating costs were greater than 15 percent of their monthly income, as was the case earlier.

The head of the administration and of the ruling Labor Democratic Party criticized the political opposition for escalating social tensions with their declarations.

"It is most regrettable when even the Social Democrats try to mislead the people, claiming these decisions are unjust." He noted that the Estonians and Latvians had been paying the true costs for heating for two years now. "We put off this problem for too long," Slezevicius said.

Since June 1, the costs of hot water and heating have more than doubled.

The cost of heating for one square meter has jumped from 1.15 to 2.40 litai, and the price of hot water — from 1.64 to 3.66 litai per cubic meter. This rate is added to the price for cold water which is determined by the municipalities.

According to experts, these figures now approximate the true heating and gas costs. Up until now, tenants paid only half of real costs, and the government subsidized all consumers.

Government To Establish Export-Import Bank

*WS1808104095 Tallinn BNS in English
1616 GMT 17 Aug 95*

[FBIS Transcribed Text] Vilnius, Aug 17, BNS — To encourage export of its products, Lithuania will establish an export-import bank, an institution used by many countries in the West.

Prime Minister Adolfas Slezevicius said within approximately six months a strategy for increasing exports will be elaborated and that this program would include the creation of a bank of this sort.

As reported, the government on Wednesday [16 August] gave its basic approval to a program on Lithuanian trade policies for 1996-1998. It outlines measures to encourage export of Lithuanian products and services.

The possibility of founding an export-import bank was first mentioned by Kazimieras Klimasauskas, minister of industry and commerce, two weeks ago. He said that 51 per cent of the stock of this bank should be owned by the government.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

- Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.
- Headlines and all bracketed explanatory notes are supplied by FBIS.
- Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.